

State 2001-02 BUDGET



his \$103.3 billion Budget, which reflects a softening of California's economy and slowing tax revenues, contains an overall year-to-year General Fund expenditure decrease of 1.7 percent, yet still makes major new investments in public education aimed at improving the performance of California's schools. The Budget also underscores this Administration's continued commitment to protecting the public safety, addresses the state's pressing transportation needs, and expands health care coverage. It assumes continuation of over \$4 billion in recently enacted ongoing tax relief, new tax relief for agriculture, and increased tax assistance for seniors. The Budget contains a prudent reserve of \$ 2.6 billion.

EDUCATION

K-12

Proposition 98 Guarantee—Total spending is \$45.4 billion, an increase of \$2.5 billion, or 5.9 percent, over the current year. K-12 spending per pupil increases by \$324 from \$6,678 in 2000-01 to \$7,002 in 2001-02, a 4.9 percent increase.

Immediate Intervention/Underperforming Schools Program (II/USP)—\$161 million to provide planning grants and to increase implementation grants from \$168 to \$200 per pupil to schools that participate in the II/USP to improve the academic achievement of the schools' pupils.

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High Priority Students Block Grant—\$200 million to complement the II/USP. Block grants will be awarded to provide up to \$400 per pupil to improve student achievement in low-performing schools. Although this grant will be available to all schools in the bottom five deciles of the Academic Performance Index, priority will be given to the lowest scoring schools that apply or are already participating in the II/USP.

Mathematics and Reading Professional Development Program—\$80 million for the first year of the UC-approved four-year Mathematics and Reading Professional Development Program. Over the course of this program, 249,000 K-12 teachers and 22,000 teaching aides will receive 40 hours of intensive, out-of-classroom training in mathematics and/or reading instruction. Additionally, teachers will be provided with 80 hours of follow-up training. Schools will receive \$2,500 for each teacher trained and \$1,000 for each teaching aide trained.

Principal Training Program—\$15 million for the first year of the three-year Principal Training Program, which will provide 15,000 principals and vice principals with training in instructional standards and effective school management techniques. Schools will receive \$3,000 per person trained, which must be matched by \$1,000 from the school district.

Special Education—\$97.9 million, of which half will be used to provide a permanent increase to the base funding level for the special education program. The other half will be used to provide equalization funding for special education.

School Energy Cost Assistance—\$250 million for allocation to school districts, county offices of education, and charter schools on a per-pupil basis for school energy costs and energy conservation measures.

School District Equalization—\$40 million to further increase discretionary funding to school districts with revenue limit funding below the statewide average.

Partial Suspension of the PERS Offset to Revenue Limits—\$35 million to increase discretionary funding by reducing the cost of the PERS offset to revenue limits for school districts and county offices of education.

High Tech High Schools—\$10 million for the first year of a two-year project to establish five High-Tech High Schools. These schools are intended to foster opportunities for students to meet the rigorous demands of the high-technology field and provide students with the resources necessary to achieve greater technological skills. Grants of \$2 million will be awarded to districts on a competitive basis and require a 1:1 local match.

AFTER SCHOOL

After School Programs—\$29.7 million to expand the After School Learning and Safe Neighborhoods Partnerships Program, including \$14.9 million for legislation establishing a Before School component.

CHILD CARE

Child Care for Working Families—Over \$97 million increase for child care for working families, including \$64 million in Stage 3 funding to serve CalWORKs families who exceed the two-year transitional child care benefit before the end of January 2002, and \$33.7 million to fully fund Stage 2 caseload.

Set-Aside for Stage 3—An additional \$24 million is set aside for Stage 3 services, pending legislation to reform the state's child care system to more equitably and efficiently serve the state's neediest families.

School Readiness: \$3 million to develop and validate research-based school readiness assessment instruments for the School Readiness Initiative. This effort is being undertaken in cooperation with the Children and Families (Proposition 10) Commission.

Quality Programs—\$14 million increase for child care quality enhancements including \$10 million for infants and toddlers and \$4 million for curricula development and training related to the Pre-Kindergarten Guidelines for centers, family child care homes, and exempt providers.

Minimum Wage Impact—\$5.4 million for State minimum wage increase requirements for child care workers.

HIGHER EDUCATION

Funding Increases—University of California's (UC) General Fund budget grows by \$168.2 million—a 5.27 percent increase—while California State University (CSU) receives a 5.79 percent General Fund increase of \$142.6 million. In addition, total funding for California Community Colleges (CCC) grows by approximately \$349.8 million, an increase of 6.0 percent.

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Enrollment Increases—\$85.7 million to fully fund enrollment at UC, bringing total enrollment to 181,088. CSU receives \$68.1 million, to fully fund a total enrollment of 303,878. The above amounts include \$33.1 million to fully fund existing summer enrollment at UC (\$20.7 million) and CSU (\$12.4 million) campuses that have either exceeded or are near capacity. The campuses being converted to year-round instruction are UC Berkeley, UC Los Angeles, UC Santa Barbara, CSU San Diego, CSU Fullerton, CSU Long Beach, and CSU San Francisco. The Budget provides \$106.8 million for 3.0 percent growth at CCC, bringing total enrollment to 1,059,899 Full-Time Equivalent Students. CCC growth is \$26.4 million or 0.7 percent higher than the statutory amount.

Student Fees—\$38.1 million to avoid fee increases at UC (\$21.5 million) and CSU (\$16.6 million) for the seventh consecutive year.

Energy Cost—\$158.7 million to fund increased energy costs within the three segments. Of this amount, \$109.7 million is to fund increased natural gas costs at UC (\$75.6 million) and CSU (\$34.1 million), including \$74.5 million in one-time funds for costs incurred in 2000-01 (UC, \$55.9 million, CSU, \$18.6 million); and \$49 million in one-time funds is provided for increased energy costs and conservation efforts within the CCC for fiscal years 2000-01 and 2001-02.

Cal Grant Expansion—\$92.9 million to fund the financial aid entitlement and competitive grant programs enacted through Chapter 403, Statutes of 2000. For the first time, every qualified high school student is entitled to receive financial assistance for higher education.

Governor's Scholarship Programs—\$118 million to continue providing \$1,000 and \$2,500 scholarships authorized by Chapter 404, Statutes of 2000, to high-achieving high school students throughout California.

Part-Time Faculty Compensation—\$57 million to assist community college districts in making part-time faculty salaries more comparable to full-time salaries for similar work.

PUBLIC SAFETY

Citizens' Option for Public Safety (COPS) and Juvenile Justice Crime Prevention Programs—\$232.6 million for the COPS program (\$116.3 million) and county juvenile crime prevention programs (\$116.3 million). The COPS program continues to provide all local law enforcement agencies with at least \$100,000.

Technology Funding for Local Law Enforcement—\$35.4 million is provided to local law enforcement agencies for the purchase of high-technology equipment. Local agencies will receive a minimum of \$30,000 and an additional per-capita amount.

War on Methamphetamine—\$30 million for local law enforcement entities for the purchase of specialized equipment to enhance suppression activities, and to hire additional personnel to combat methamphetamine production and distribution.

Local Forensic Laboratory Improvement Program—\$25 million to provide competitive grants to local forensic laboratories for construction and renovation of laboratory facilities and equipment purchases, replacement, or upgrades.

High-Technology Theft Apprehension and Prosecution Program Expansion—\$7.6 million to increase the effectiveness of law enforcement in addressing high-technology crimes. This funding will increase personnel and equipment for five High-Technology Task Forces, support the development of a computer crime and forensics training program, and provide coordination between affected industries, the task forces, law enforcement, and the State.

High-Technology Identity Theft—\$3.3 million for establishment of High-Technology Theft Units within each of the High-Technology Task Forces to implement training courses, and to fund case development and prosecution of identity theft cases by state law enforcement agents and the Attorney General's office.

Regional Law Enforcement Training Centers—\$5 million to provide local assistance grants to regional law enforcement training centers for facility planning, renovation, and construction costs.

California Methamphetamine Strategy (CALMS)—\$10.5 million (\$14 million full-year ongoing) to continue the CALMS program, due to the loss of federal funds for the program. The CALMS program has been in operation since 1997, and since the program's inception, significant quantities of illegal drugs and precursor chemicals have been confiscated and destroyed by CALMS agents.

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Sexual Predator Apprehension Teams—\$2.8 million to create Sexual Predator Apprehension Teams in San Diego and Orange County to provide statewide coordination and leadership in monitoring, tracking, and apprehending serious and high-risk sex offenders who are required to register under California's Sex Offender Registration Program and who violate the law or conditions of their probation or parole.

DNA Laboratory—\$2 million to fund the initial activities to locate and purchase a site for a new statewide DNA forensic laboratory. The DNA laboratory will be a state-of-the-art facility that will meet California's expanding need for strong technological resources to support DNA analysis, an essential part of the criminal justice system.

TAX RELIEF

In addition to the \$4.3 billion of ongoing tax relief, including the vehicle license fee reductions, the Budget includes the following:

Senior Citizens' Property Tax and Renters' Tax Assistance—Assistance payments for low-income senior citizens and disabled individuals will be permanently increased by 45 percent above the level of benefits provided in 1999, at a cost of \$75 million in 2001-02.

Sales tax exemption for liquefied petroleum gas—The Budget assumes the exemption of liquefied petroleum gas used in rural residences and for agricultural purposes from the sales tax. This will result in a State and local revenue loss of \$11 million in 2001-02.

State sales tax exemption for farm and forestry equipment—The Budget assumes the exemption of equipment used to produce and harvest agricultural products, or for off-road use in commercial timber harvesting operations from the State sales tax rate of 5 percent. This will result in a revenue loss of \$20.1 million in 2001-02.

State sales tax exemption for diesel fuel used for agriculture—The Budget assumes a State sales tax exemption for those using diesel fuel in the production, harvest, and transportation and delivery of agricultural products to market. This will provide \$18.6 million in tax relief in 2001-02.

State sales tax exemption for racehorse breeding stock—The Budget assumes the exemption of racehorse breeding stock from the 5 percent State sales tax rate, which will result in a revenue loss of \$1.3 million in 2001-02.

Sales tax trigger—The 2001-02 budget agreement between the Administration and the Legislature revised the formula that provides for a one-quarter cent sales tax rate reduction, in order to make the reduced rate easier to achieve. The test will be based on a one-year, rather than two-year period. Also, the reserve level required to trigger the reduction was cut from 4 percent to 3 percent of estimated current year revenues, with the additional requirement that actual General Fund revenues for May through September are at least equal to the May Revision forecast.

HEALTH

Healthy Families/Adult Expansion—\$819.8 million for health care and related benefits for families and for outreach to families and children. The Program will have a total enrollment of 663,000 by June 30, 2002.

Tobacco Settlement Fund—Establishment of the Tobacco Settlement Fund, into which will flow \$402 million of the State's share of revenues from the 1998 Master Tobacco Settlement. These funds will be used solely for health care programs, including expanded health coverage for the uninsured, cancer research and treatment, and anti-tobacco efforts. These health care expansions include, the expansion of the Health Families Program (HFP) for children to 250 percent of the Federal Poverty Level (FPL) and providing HFP coverage to parents up to 250 percent FPL. In addition, the Budget also provides \$20 million from this fund to provide grants to local nonprofit organizations to reduce smoking among teens and college-aged youth.

Medicaid Option for Breast and Cervical Cancer Treatment/State-Only Program Expansion—\$9.5 million (\$5.3 million Tobacco Settlement Fund) to adopt a federal Medicaid option that provides full-scope Medi-Cal coverage to low-income, uninsured women who are diagnosed with breast or cervical cancer. This option, which allows the state to claim federal funding at the enhanced rate of approximately 66 percent, will be available to individuals with incomes up to 200 percent of the federal poverty level. In addition, specified providers who perform cancer screenings will be allowed to determine presumptive Medi-Cal eligibility, which will allow patients to receive cancer treatment immediately upon diagnosis. The State-only Breast Cancer Treatment Program has been expanded to cover cervical cancer

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treatment. The State-only Breast and Cervical Cancer Treatment Program has a budget of \$9.1 million to provide treatment for an estimated 1,540 women.

Long-Term Care Rate Increase—\$92.8 million (\$46.1 million General Fund) to provide a rate increase to long-term care providers. This includes an increase of 2.15 percent for nursing homes. Long-term care facilities, and nursing homes in particular, have historically received low reimbursement rates. Increasing rates is one method of improving the quality of care in long-term care facilities.

Bi-National Health Initiative—\$1 million General Fund to assist the California Office of Binational Border Health (OBBH) in its mission to facilitate cooperation between health professionals in California and Mexico as they seek to improve the health of communities affected by border or binational conditions and activities. This augmentation will provide \$720,000 for health education, promotion, and technical assistance activities, and training for immunizations, HIV/STDs, tuberculosis, and chronic disease prevention. It will also provide \$200,000 for drinking water program guidelines and environmental epidemiology activities, and \$80,000 for a binational migrant health week.

Expanded Access to Primary Care (EAPC)—\$31.2 million (\$23.5 million General Fund), including a General Fund augmentation of \$10 million, to increase the EAPC program by 47 percent in recognition of the important health care services provided to vulnerable populations statewide.

AIDS Drug Assistance Program (ADAP)—\$162.9 million (\$59.9 million General Fund), which includes an augmentation of \$15.3 million General Fund, to fully fund increased ADAP costs due to drug manufacturer price increases and increased caseload.

HUMAN SERVICES

In-Home Supportive Services—\$58.2 million (\$31.4 million General Fund) to further enhance the Administration's efforts to improve the quality of provider services and strengthen recruitment and retention for IHSS providers. The funding provides for a \$1 per hour increase in the State share-of-cost of employee wages and benefits, raising the level to \$9.10 per hour for Public Authority providers. Funding also provides for increases for non-public authority and contract providers.

Cash Assistance Program for Immigrants—\$107.7 million General Fund to provide benefits for the Cash Assistance Program for Immigrants (CAPI) in

2001-02. The base program (\$86.7 million) provides benefits to documented persons in the country prior to August 22, 1996, who were not receiving SSI/SSP benefits on September 30, 1998. In addition, the sunset date for the “expansion” program serving documented persons arriving on or after August 22, 1996, has been eliminated (\$21.0 million).

California Food Assistance Program—\$72.5 million General Fund to provide food coupons to documented persons who are not eligible for federal food stamps solely because of their immigration status. The 2001-02 Budget makes permanent, the time-limited expansion initiated in October 1999 to include documented persons who entered this country after August 22, 1996.

Foster Care Services—\$19.2 million (\$18 million General Fund) to expand services and benefits for emancipating foster youth. Of this amount, \$6.5 million funds the Supportive Transitional Emancipation Program, which provides support to young adults between the ages of 18 and 21 who are involved in training or educational pursuits, or other activities pursuant to an independent living plan; and \$1.5 million for the development, implementation, and evaluation of a limited pilot Internet-based health and education passport system in a portion of Los Angeles County. Additionally, the Budget includes \$11.2 million (\$10 million General Fund) for the Transitional Housing Placement Program, to expand existing transitional housing services to include foster youth 16 to 18 years of age and young adults who are participating in the Supportive Transitional Emancipation Program.

TRANSPORTATION

The Budget includes nearly \$8.3 billion in expenditures by Caltrans and 23,426 personnel years, including \$2.4 billion for programs that assist local governments in constructing and operating highway, road, and transit systems, and nearly \$3 billion in capital outlay expenditures for state highway and mass transportation construction projects.

Sales Tax on Gasoline—Pursuant to the 2001-02 budget agreement between the Administration and the Legislature, Assembly Constitutional Amendment No. 4 will be placed before voters statewide in 2002 to permanently dedicate the sales tax on motor vehicle fuel to transportation purposes beginning in 2003-04. Until 2008-09, it preserves the existing statutory uses of these funds for the Traffic Congestion Relief Program projects and the Transportation Investment Fund. Beginning in 2008-09, the amendment would allocate the sales tax on motor vehicle fuel as follows: 40 percent for State Transportation Improvement Program projects, 40 per-

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cent for local street and highway maintenance and rehabilitation, and 20 percent for public transit operations and capital purposes. By 2008-09, this is expected to provide almost \$1.5 billion annually for transportation.

Transportation Refinancing Plan—When the Traffic Congestion Relief Act of 2000 was enacted last year, the strong condition of the General Fund allowed a substantial initial deposit of \$2 billion toward what was envisioned as a six-year, \$6.9 billion plan. Beginning with 2001-02, the next five years of the plan were to be funded from a diversion of the sales tax on gasoline from the General Fund. Due to the declining General Fund revenue outlook and because there is more money in the plan's fund than will be needed for project expenditures in the next few years, the Budget Act and the transportation trailer bill provide \$1.3 billion in 2001-02 and \$1.2 billion in 2002-03 to the General Fund by deferring the sales tax shift for two years and making the original plan whole by adding two additional years at the end of the plan.

- By adding two years (2006-07 and 2007-08) to the original five-year plan to replace the two deferred years, the refinancing plan adds an estimated \$516 million to transportation funding by 2007-08. Due in part to increases in gasoline prices, the plan is now expected to provide \$8.6 billion for transportation.
- The refinancing plan holds harmless local streets and roads maintenance by advancing money from the State Highway Account that this program would otherwise have received from the transportation plan.

NATURAL RESOURCES AND ENVIRONMENT

CalFed—\$571.9 million, (\$81 million General Fund) to continue the State's commitment to address environmental restoration and water management in the San Francisco Bay and the Sacramento-San Joaquin River Delta.

Air Quality—\$68 million to various air quality programs, including \$48 million for new clean fuel school buses, retrofit of diesel school buses, offset of peaker plant emissions, and mitigation of emissions from diesel-fueled generators; and \$20 million for a zero-emission vehicles incentive program.

Urban Parks—\$15 million to fund urban parks.

Waste Reduction—\$26 million to expand enforcement, cleanup, research, market development, and waste hauler tracking activities to reduce waste and used tire stockpiling.

Clean Beaches—\$33.8 million for coastal cleanup and research projects throughout the state to reduce the number of beach closure days caused by nonpoint source pollution.

Water Quality—\$21.3 million to enhance water quality activities, including reducing the impact of storm water runoff in Southern California, reducing permit backlogs, reducing pollution from dairies, increasing public access to water quality information through an information management system, and investigating and identifying sources of chromium-6 contamination.

River Parkways—\$18.4 million to acquire and restore seven key river parkways throughout the State.

Lake Tahoe Environmental Improvement Program—\$13.5 million to improve environmental quality and mitigate environmental degradation by preserving and restoring wetlands, enhancing public access and recreation, and protecting air and water quality.

Hazardous Waste Cleanup—\$114.5 million to fund cleanup costs at the Casmalia and Stringfellow hazardous waste sites.

Park and Water Bonds—\$523.2 million for park projects and \$443.4 million for water projects from the Propositions 12 Park Bond and 13 Water Bond, respectively, approved by California voters in March 2000.

ENERGY BUDGET HIGHLIGHTS

California Energy Commission—\$3.1 million to meet facility siting workload and conduct a coastal plant inventory and \$2.5 million for energy efficiency measures, including energy efficiency building standards regulation and assistance to local building departments.

California Consumer Power and Conservation Financing Authority—A \$10 million General Fund loan to implement the Power Authority's responsibilities to finance, own, operate, and construct electric power plants, finance energy efficiency and renewable energy resources, and develop and implement strategies to facilitate a dependable, reasonably priced supply of natural gas.

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CAPITAL OUTLAY

HEALTH & HUMAN SERVICES

Mental Health—\$349.3 million to construct a 1,500-bed Department of Mental Health facility in Coalinga, Fresno County, in which to confine and treat sexually violent predators. The new mental health facility is the first to be constructed in nearly 50 years, since the completion of Atascadero State Hospital in 1954. Construction of the new facility is scheduled to begin in the Fall of 2001, and be completed in the Fall of 2004.

HIGHER EDUCATION

University of California (UC), Merced—\$160.4 million to complete the initial site development, infrastructure, and construction of library and laboratory facilities and begin the planning for classroom and office buildings at UC Merced.

California Institutes for Science and Innovation—\$95 million to continue funding for three California Institutes for Science and Innovation, and for initial funding for a fourth institute. The Institutes will be centers for strategic innovation that combine excellence in cutting-edge research with collaboration and training for our next generation of scientists and technical leaders.

Medical Investigations of Neurodevelopmental Disorders (MIND) Institute—\$33 million for MIND Institute facilities. This project will provide an international clinical and research center focused on the systematic evaluation of the causes of neurodevelopmental disorders and potential cures.

Other Capital Outlay—\$609 million to fund 38 new projects and continuing phases of 106 additional projects for the UC, the CSU, and the CCCs.

PUBLIC SAFETY

DNA Laboratory—\$2 million to fund the initial activities to locate and purchase a site for a new statewide DNA forensic laboratory. The DNA laboratory will be a state-of-the-art facility that will meet California's expanding need for strong technological resources to support DNA analysis, an essential part of the criminal justice system.

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2001-02 General Fund Budget Summary (Dollars in Millions)

	<u>2000-01</u>	<u>2001-02</u>
Prior Year Balance	\$9,139	\$7,055
Revenues and Transfers	<u>\$78,003</u>	<u>\$75,105</u>
Total Resources Available	\$87,142	\$82,160
Expenditures	<u>\$80,087</u>	<u>\$78,763</u>
Fund Balance	\$7,055	\$3,397
Budget Reserves:		
Reserve for Liquidation of Encumbrances	\$701	\$701
Set aside for Litigation	\$7	\$100
Special Fund for Economic Uncertainties	\$6,347	\$2,596

2001-02 Revenue Sources (Dollars in Millions)

	<u>General Fund</u>	<u>Special Fund</u>
Personal Income Tax	\$42,144	--
Sales Tax	21,949	\$2,619
Bank and Corporation Tax	5,938	--
Highway Users Taxes	--	3,178
Motor Vehicle Fees	14	3,735
Insurance Tax	1,452	--
Estate Taxes	922	--
Liquor Tax	291	--
Tobacco Tax	125	1,014
Other	<u>2,270</u>	<u>5,619</u>
Total	\$75,105	\$16,165

SUMMARIES

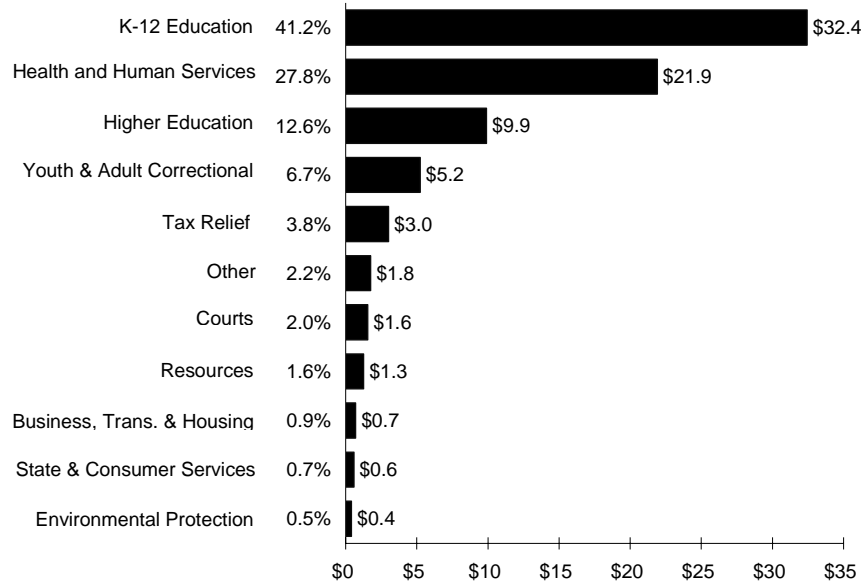
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General Fund Expenditures by Agency (Dollars in Millions)

	<u>2000-01</u>	<u>2001-02</u>
Legislative, Judicial, Executive	\$2,670	\$2,618
State and Consumer Services	600	580
Business, Transportation & Housing	2,577	696
Technology, Trade, and Commerce	149	82
Resources	2,496	1,272
Environmental Protection	492	411
Health and Human Services	20,126	21,898
Youth and Adult Correctional	5,179	5,242
K-12 Education	29,950	32,437
Higher Education	9,341	9,901
General Government	6,507	3,626
Total	\$80,087	\$78,763

2001-02 General Fund Expenditures (Dollars in Billions)



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2001-02 Expenditures By Fund (Dollars in Millions)

Function	General Fund	Special Funds	Bond Funds	Total
Education (K-12)	\$32,437	\$63	\$862	\$33,362
Health and Human Services	21,898	4,972	--	26,870
Higher Education	9,901	718	745	11,364
Business, Transportation and Housing	696	6,497	245	7,438
Technology, Trade, and Commerce	82	15	--	97
Tax Relief	3,020	--	--	3,020
Local Government Subventions	420	4,421	--	4,841
Youth and Adult Corrections	5,242	19	2	5,263
Resources	1,272	1,056	968	3,296
Environmental Protection	411	685	314	1,410
State and Consumer Services	580	492	44	1,116
Other	2,804	2,397	1	5,202
Total	\$78,763	\$21,335	\$3,181	\$103,279

General and Special Funds (Dollars in Millions)

Agency	Legislative Spending Plan	Governor's Vetoes	Enacted Budget
Legislative/Executive	\$1,444	-\$16	\$1,428
Courts	1,637	-6	1,631
State and Consumer Services	1,072	--	1,072
Business, Transportation & Housing	7,286	-92	7,194
Technology, Trade, and Commerce	102	-5	97
Resources	2,362	-34	2,328
Environmental Protection	1,098	-2	1,096
Health and Human Services	26,973	-103	26,870
Youth and Adult Correctional	5,268	-7	5,261
Education (K-12)	32,629	-130	32,499
Higher Education	10,798	-178	10,620
Other	9,984	19 ^{1/}	10,003
Total	\$100,653	-\$554	\$100,099

^{1/} Includes a technical adjustment to accurately account for prior years' Proposition 98 funds.

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BUDGET PROGRAM AREAS

Revenue Forecasting, Economic
Projections, Demographic Research,
Local Government, Business,
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Trade and Commerce Shelley Mateo 322-2263

Education Kathryn Gaither 445-0328

Health and Human Services Stan Cubanski 445-6423

Youth and Adult Correctional, Justice,
Judiciary, General Government and
State and Consumer Services Calvin Smith 445-8913

Resources, Environment, Energy,
Capital Outlay and Legislation Fred Klass 324-0043

Employee Relations,
Retirement Systems Carl Rogers 445-3274

Budget Planning and Preparation,
Cash Management, Statewide Issues Yoshie Fujiwara 445-5332

California's Budget on the Internet

This document is also available on the Internet at the California Department of Finance
website—<http://www.dof.ca.gov>

State of California
Governor's Office

I object to the following appropriations contained in Senate Bill 739.

Item 0160-001-0001--For support of Legislative Counsel Bureau. I revise this item by deleting Provision 1.

I am deleting Provision 1 of this item, which would authorize the continuance of a salary differential approved by the Department of Personnel Administration (DPA) in 1998, in spite of its termination for all other State departments on July 1, 2001. Though I am aware that this language would address a salary compaction problem between supervisory and staff attorney positions at the Legislative Counsel Bureau, it would be inappropriate to authorize the continuation of this program for one department to the exclusion of others. I am directing the DPA to work with the Legislative Counsel Bureau on identifying administrative solutions to this problem.

Item 0250-001-0001--For support of Judiciary. I reduce this item from \$282,689,000 to \$282,394,000 by reducing:

(2) 20-Courts of Appeal from \$166,633,000 to \$166,588,000, and

(3) 30-Judicial Council from \$74,126,000 to \$73,876,000.

I am deleting the legislative augmentation of \$45,000 for a half-time Legal Editorial Assistant to post unpublished legal opinions of the Courts of Appeal on the California Courts Website. It is not clear that this is a priority of the Judiciary, and the need for funds to provide this service has not been demonstrated.

I am reducing the funding for administrative support of the Equal Access Fund by \$250,000 to conform to the action taken in Item 0250-101-0001.

Item 0250-101-0001--For local assistance, Judiciary. I reduce this item from \$18,482,000 to \$13,707,000 by reducing:

(9) 30.90-Equal Access Fund from \$14,250,000 to \$9,500,000, and

(10.5) 97.20.004-Local Projects from \$75,000 to \$50,000 by reducing the following subschedule:

(a) County of San Joaquin: Child Advocacy Center and Visitation Center at Mary Graham Children's Shelter from (\$75,000) to (\$50,000).

I am reducing the local assistance funding for the Equal Access Fund by \$4,750,000. California is heading into a difficult year with its softening economy and substantial revenue decreases. Consequently, the General Fund expenditures in this Budget are down 1.7 percent over the prior year. I am open to considering funding for this worthy program in the future when the economy improves.

I am reducing the legislative augmentation to establish a new facility for the Child Advocacy Center and Visitation Center at Mary Graham Children's Shelter by \$25,000. This action is essential due to fiscal constraints and limited resources in the General Fund. However, I am sustaining \$50,000 of this augmentation on a one-time basis.

Item 0450-101-0932--For local assistance, State Trial Court Funding. I reduce this item from \$2,082,060,000 to \$2,081,310,000 by reducing:

- (1) 10-Support for operation of the Trial Courts from \$1,773,533,000 to \$1,772,783,000.

I am deleting the \$750,000 legislative augmentation to establish a truancy court pilot project in Los Angeles County. Actions related to truancy, family issues, and juvenile crime are already within the responsibility of the established family court system. It is not clear that further delineation of areas of responsibility within the courts is necessary, and such delineation could result in inefficiencies and duplication of efforts.

Item 0450-111-0001--For transfer by the Controller to the Trial Court Trust Fund. I reduce this item from \$1,136,151,000 to \$1,135,401,000.

I am deleting the \$750,000 legislative augmentation to establish a truancy court pilot project in Los Angeles County to conform with the action taken in Item 0450-101-0932.

Item 0530-001-0001--For support of Secretary for California Health and Human Services. I reduce this item from \$1,834,000 to \$1,584,000 by reducing:

- (1) 10-Secretary for California Health and Human Services Agency from \$2,836,000 to \$2,586,000,

and by deleting Provisions 1, 2, 3, 4, 5, 6, and 7.

I am deleting \$154,000 General Fund included in the Budget as an augmentation for operating expenses and equipment, including an augmentation to the Agency's travel budget, and \$96,000 from the base as a matter of consistency because the discretionary budgets for nearly all State departments funded from the General Fund have been reduced similarly. This action is essential due to fiscal constraints and limited resources in the General Fund.

I am deleting Provisions 1 through 7 to conform to actions taken in Item 4170-101-0001.

Item 0540-101-0001--For local assistance, Secretary for Resources. I reduce this item from \$24,147,000 to \$18,147,000 by reducing:

- (2) Los Angeles River-North from 4,000,000 to 1,000,000;
- (5) Tuolumne River Parkway from 7,000,000 to 5,000,000; and
- (9) Otay River Parkway from 2,000,000 to 1,000,000;

and by revising Provision 4.

Due to fiscal constraints and limited resources in the General Fund, it is necessary to reduce the allocations for these projects.

I am revising the following provisional language to conform to this action:

- “4. The funds appropriated in Schedule (2) through (5) of this item shall be expended as follows:
- Los Angeles River - North: ~~\$4~~ \$1 million for the Cornfields property at Chinatown in the City of Los Angeles. These funds will be supplemented with \$35 million from the Proposition 12 (Parks Bond) to provide for acquisition and preliminary development;
 - Los Angeles River – South: \$5 million for the acquisition of Wrigley Heights in the City of Long Beach;
 - San Joaquin River Parkway: \$3 million for the Spano Ranch acquisition in the Counties of Fresno and Madera; *and*
 - Tuolumne River Parkway: ~~\$7~~ \$5 million for various acquisition and development projects in Stanislaus County.”

Item 0540-101-6015--For local assistance, Secretary for Resources. I reduce this item from \$7,650,000 to \$3,400,000 by deleting:

- (2) Los Angeles River-North (850,000);
- (5) Tuolumne River Parkway (850,000);
- (9) Otay River Parkway (850,000);
- (10) Upper Arroyo Seco Parkway (850,000); and
- (11) San Lorenzo River Parkway (850,000).

While these river parkway projects may have merit, I believe that the Resources Agency should review and prioritize all river parkway projects prior to allocating the remaining funds in the River Protection Subaccount.

Item 0550-001-0001--For support of Secretary for Youth and Adult Correctional Agency. I reduce this item from \$1,277,000 to \$1,027,000 by reducing:

- (1) 10-Secretary for Youth and Adult Correctional Agency from \$1,535,000 to \$1,285,000, and by deleting Provisions 1 and 2.

I am deleting the \$250,000 legislative augmentation to establish the California Council on Mentally Ill Offenders. The deletion of this new ongoing expenditure is necessary to provide for a prudent General Fund reserve.

I am also deleting Provision 2 to conform to this action.

I am deleting Provision 1, which states legislative intent to fully fund Phase II of an epidemiological investigation of the prevalence and incidence of Hepatitis C in the Department of Corrections and the Department of the Youth Authority. The Budget Act of 2000 included \$2 million for an epidemiological study by the University of California, on the prevalence and incidence of Hepatitis C in these two departments, and this funding is sufficient to complete the

study. Therefore, the intent stated in Provision 1, to fully fund this study sometime in the future, is unnecessary.

Item 0555-001-0001--For support of Secretary for Environmental Protection. I reduce this item from \$4,737,000 to \$2,737,000.

In order to correct a technical error in the Budget Bill, I am reducing this item by \$2,000,000. This technical veto will conform with the Legislature's intent, and is consistent with the legislative action taken in Item 0555-001-0044, which reduced funding for Permit Assistance Centers from \$2,439,000 to \$439,000.

As part of this Budget, I am also sustaining the 31.4 positions for the Permit Assistance Centers that were approved by the Legislature without funding. The current energy emergency is an urgent priority, and the Permit Assistance Centers have a crucial role in addressing the environmental permit and approval requirements for new power generation. However, I disagree with the Legislature's action to remove funding for these positions. In order to fund these positions, the Secretary would have to redirect significant resources, negatively affecting the California Environmental Protection Agency's ability to administer existing environmental regulatory functions at a level consistent with existing law. Therefore, I will direct the Secretary to explore all appropriate means of supporting the Permit Assistance Centers on an ongoing basis.

Item 0650-101-0001--For local assistance, Office of Planning and Research. I delete this item.

I am deleting the \$50,000 legislative augmentation for the Hacienda Heights Cityhood Organization to complete an incorporation study. This action is essential due to fiscal constraints and limited resources in the General Fund.

Item 0650-102-0001--For local assistance, Office of Planning and Research. I reduce this item from \$690,000 to \$550,000 and delete Provision (f).

I am deleting the \$140,000 augmentation for the Contra Costa Youth Council. This action is essential due to fiscal constraints and limited resources in the General Fund. The remaining \$550,000 is being sustained on a one-time basis.

I am deleting Provision (f) to conform to this action.

Item 0690-001-0001--For support of Office of Emergency Services. I reduce this item from \$42,077,000 to \$35,977,000 by reducing:

- (1) 15-Mutual Aid Response from \$18,402,000 to \$15,202,000, and
- (2) 35-Plans and Preparedness from \$24,778,000 to \$21,878,000.

I am reducing the augmentation for various emergency operations equipment by \$3,200,000 due to fiscal constraints and the need to build a prudent reserve for economic uncertainties. California is heading into a difficult year with its softening economy and substantial revenue decreases. Consequently, the General Fund expenditures in this Budget are down 1.7 percent over the prior year. This Budget does retain \$2.5 million for the purchase of emergency-related equipment for use throughout the state through the mutual aid system. I am open to considering funding for these equipment needs when the economy improves.

I am reducing the augmentation for the Tri-Net Seismic Network by \$2,900,000 due to fiscal constraints and the need to build a prudent reserve for economic uncertainties. Of the \$6.8 million proposed in my Budget, \$3.9 million will be retained to provide \$2.9 million for maintenance and operation of the current Tri-Net system in Southern California, and \$1.0 million to begin to expand the system to other critical locations throughout the state to ensure a more uniform system for earthquake monitoring and related emergency response. California is heading into a difficult year with its softening economy and substantial revenue decreases. Consequently, the General Fund expenditures in this Budget are down 1.7 percent over the prior year. I am open to considering funding for this worthy project in the future when the economy improves.

Item 0690-101-0001--For local assistance, Office of Emergency Services. I reduce this item from \$539,000 to \$225,000 by reducing:

- (a) Local Projects from \$539,000 to \$225,000 by deleting \$180,000 from the following subschedules:
 - (8) City of Garden Grove: Back-up for Emergency Operations Center at City Hall (\$60,000);
 - (9) East County Fire Protection District: East County Fire Rescue Equipment (\$100,000);
 - (10) City of West Covina Fire Department: Fire Department Mass Casualty Trailer (\$20,000);

and by reducing \$134,000 for the following subschedules:

- (2) Altadena Mountain Rescue Team: Altadena Mountain Rescue Team-Mobile Command Post Procurement from (\$14,000) to (\$10,000);
- (3) City of Manteca: Thermal Imaging Devices from (\$60,000) to (\$50,000);
- (4) Malibu Mountain Rescue Team, Inc.: Malibu Mountain Search and Rescue Team from (\$25,000) to (\$10,000);
- (5) Tulare-Kings Chapter of the American Red Cross: Emergency Response Vehicle Procurement from (\$100,000) to (\$50,000); and
- (6) City of Dinuba (Fire Ambulance Services): Regional Multi-Function Training Facility from (\$20,000) to (\$15,000); and
- (7) KRCB TV22-91FM: Small Public Broadcasting Station Digital Conversion from (\$100,000) to (\$50,000)

These actions are essential due to fiscal constraints and limited resources in the General Fund. The augmentations that remain are being sustained on a one-time basis

Item 0820-001-0001--For support of Department of Justice. I reduce this item from \$315,225,000 to \$314,325,000 by reducing:

- (8) 45-Public Rights from \$57,183,000 to \$56,683,000,

and by deleting:

- (12.7) 97.20.004-Local Projects (\$400,000).

I am deleting the \$500,000 legislative augmentation to establish the Office of Immigrant Assistance, which would be charged with investigating complaints alleging unfair business practices and discriminatory acts committed against immigrant populations. The Department of Justice has already established this Office within existing resources, and no justification has been provided for additional funding.

I am also deleting the \$400,000 legislative augmentation to implement a toll-free school safety phone line in San Francisco, Los Angeles, and San Diego Counties. This action is essential due to fiscal constraints and limited resources in the General Fund.

I am deleting Provision 5 to conform with this action.

Item 0820-101-0001--For local assistance, Department of Justice. I reduce this item from \$11,844,000 to \$6,764,000 by reducing:

(1) 25-Executive Programs from \$8,283,000 to \$3,283,000;

and by deleting:

(2.5) 97.20.004-Local Projects (\$80,000):

(a) Oxnard Police Department: Oxnard Police Department Photo Imaging System (\$80,000);

and by deleting Provision 3.

I am deleting the \$5,000,000 legislative augmentation for the Youth Leadership Through Crime Prevention Program. The Budget already contains significant funding for similar juvenile crime programs within the Office of Criminal Justice Planning and the Board of Corrections. Accordingly, I am deleting this new ongoing augmentation to build a prudent reserve for economic uncertainties.

I am deleting Provision 3 to conform to this action.

I am also deleting the \$80,000 legislative augmentation which would support a photo imaging system for the Police Department of the City of Oxnard. This action is essential due to fiscal constraints and limited resources in the General Fund.

Item 0840-001-0001? For support of State Controller. I reduce this item from \$68,363,000 to \$67,422,000 by reducing:

(1) 100000-Personal Services from \$68,547,000 to \$65,432,000, and

(4) Reimbursements from -\$28,115,000 to -\$25,941,000.

I am reducing the funding provided for Personal Services by \$3,115,000 (\$941,000 General Fund and \$2,174,000 reimbursements) and eliminating 54.6 vacant personnel years. This action is consistent with my efforts to control the growth of State government and maximize the use of existing personnel to meet the service demands of the State. Over the last few years, my Administration has eliminated 6,600 vacant positions statewide, including those in constitutional offices. I am also eliminating 30 vacant positions from the Department of Insurance.

Item 0845-001-0217--For support of Department of Insurance. I reduce this item from \$126,656,000 to \$124,924,000 by reducing:

- (1) 10-Regulation of Insurance Companies and Insurance Producers from \$56,237,000 to \$55,483,000;
- (2) 12-Consumer Protection from \$39,391,000 to \$38,862,000;
- (3) 20-Fraud Control from \$31,738,000 to \$31,289,000;
- (4) 50.01-Administration from \$22,933,000 to \$22,636,000; and
- (5) 50.02-Distributed Administration from -\$22,933,000 to -\$22,636,000.

I am reducing the funding provided for Personal Services by \$1,732,000 and eliminating 30 vacant positions in the department. This action is consistent with my efforts to control the growth of State government and maximize the use of existing personnel to meet the service demands of the State.

Item 0855-001-0367--For support of California Gambling Control Commission. I am revising this item by deleting Provision 1.

I am deleting Provision 1 which would specify that the Gambling Control Commission cannot duplicate the functions of the Division of Gambling Control within the Department of Justice. Based on the duties and responsibilities specified in Chapter 867, Statutes of 1997, the Gambling Control Commission has formalized a Memorandum of Understanding with the Department of Justice to specify the respective functions of the Commission and the Department to avoid duplication. Therefore, this provision is unnecessary.

Item 0890-002-0001--For support of Secretary of State. I delete this item.

This action is necessary due to fiscal constraints and limited resources in the General Fund.

Item 1700-001-0001--For support of Department of Fair Employment and Housing. I reduce this item from \$18,170,000 to \$18,095,000 by reducing:

- (1) 50-Administration of Civil Rights Law from \$22,293,000 to \$22,218,000.

I am reducing this item by \$75,000. Although my January Budget included these funds to provide additional materials regarding the Fair Employment and Housing Act to housing providers and small businesses employers, I take this action so that vital programs are protected and a prudent reserve for economic uncertainties is maintained.

Item 1760-001-0001--For support of Department of General Services. I reduce this item from \$23,688,000 to \$23,538,000 and delete Provision 2.

I am deleting the \$150,000 legislative augmentation for the preparation of documentation for the State to request an allocation of public safety radio frequencies for state and local agencies. While I understand that receipt of the expanded public safety spectrum is contingent upon the State's application for use, funding is already included in the Budget for engineering and design

work on the Public Safety Radio Integrated Systems Management project. Therefore, additional funding is not necessary to ensure the State's ability to receive and retain the new public safety spectrum.

I am deleting Provision 2 to conform to this action.

Item 1760-001-0666--For support of Department of General Services. I revise this item by reducing:

- (1) Program Support from \$651,637,000 to \$651,487,000, and
- (3) Amount payable from the General Fund (Item 1760-001-0001) from -\$23,688,000 to -\$23,538,000.

I am revising this item to conform to the action I have taken in Item 1760-001-0001.

Item 1760-115-0101--For transfer upon order of the Director of Finance, from the School Facilities Fee Assistance Fund to the General Fund. I reduce this item from \$121,000,000 to \$108,000,000.

I am reducing this transfer by \$13,000,000. This reduction will allow the program to continue funding reservations for fee assistance received through December 2001, in accordance with pending legislation to sunset the program. Any unobligated program funds remaining after December 31, 2001, will be returned to the General Fund at that time.

Item 2240-014-0472--For support of Department of Housing and Community Development. I reduce this item from \$653,000 to \$413,000, and delete Provisions 1 and 2.

I am deleting the legislative augmentation of \$240,000 that would provide funding to extend a contract to market the Child Care Facilities Loan program and to award grants for providing technical assistance to potential borrowers. The program has staff and resources for marketing and technical assistance built into its existing support budget. Additionally, the one-time augmentation of \$150,000 for program marketing in 2000-01 raised awareness of the program and should generate sufficient interest in the program to use the remaining \$3.5 million in direct loan funds.

I am deleting Provisions 1 and 2 to conform to this action.

Item 2240-101-0001--For local assistance, Department of Housing and Community Development. I reduce this item from \$22,644,000 to \$22,361,000 by reducing:

- (1.5) 97.20.004-Local Projects from \$1,073,000 to \$790,000 by reducing \$110,000 from the following subschedules:
 - (a) County of San Mateo: North San Mateo County Homeless Shelter Improvements from (\$300,000) to (\$200,000); and
 - (f) Jovenes, Inc.: Olivares/Pleasant Ave. Transitional Housing and Youth Center from (\$50,000) to (\$40,000);

and by deleting \$173,000 from the following subschedules:

- (g) Single Room Occupancy Housing Corporation: James M. Wood Memorial Community Center (\$150,000); and
- (h) City of Cypress: Installation of disabled access curb ramps (\$23,000).

I am reducing the legislative augmentations for various local projects by \$283,000. This action is essential due to fiscal constraints and limited resources in the General Fund. I am sustaining the remaining augmentations on a one-time basis.

I am also sustaining \$1,000,000 of one-time funding for construction of the People Assisting the Homeless Regional Center in Los Angeles.

Item 2240-104-0001--For transfer, upon order of the Director of Finance, to the Farmworker Housing Grant Fund (0927). I reduce this item from \$18,500,000 to \$13,875,000.

I am reducing this transfer by \$4,625,000. California is heading into a difficult year with its softening economy and substantial revenue decreases. Consequently, the General Fund expenditures in this Budget are down 1.7 percent over the prior year. I take this action as a matter of consistency because the discretionary programs for nearly all State departments funded from the General Fund have been reduced similarly. In addition, part of this reduction reflects the availability of approximately \$3,700,000 in funding from 2000-01 that will allow program expenditures of \$17,575,000 in 2001-02. This leaves the program with significantly higher funding than the Budget Act of 1999, which provided \$3,500,000.

Item 2240-105-0001--For transfer, upon order of the Director of Finance, to the Emergency Housing and Assistance Fund (0985). I reduce this item from \$14,000,000 to \$13,300,000 and delete Provision 2.

I am reducing this transfer by \$700,000. California is heading into a difficult year with its softening economy and substantial revenue decreases. Consequently, the General Fund expenditures in this Budget are down 1.7 percent over the prior year. I take this action as a matter of consistency because the discretionary programs for nearly all State departments funded from the General Fund have been reduced similarly. This leaves the Emergency Housing and Assistance Program with an annual funding level of \$13,300,000, still significantly higher than \$4,000,000 provided in the Budget Act of 1999 for shelter programs.

I am deleting Provision 2 because it conflicts with Item 2240-115-0843, which transfers funds from the California Housing Trust Fund to the General Fund. This provision was inadvertently left in the Budget.

Item 2240-107-0001--For transfer, upon order of the Director of Finance, to the Housing Rehabilitation Loan Fund (0929). I reduce this item from \$35,400,000 to \$26,050,000 and revise Provisions 1 and 2.

I am reducing this transfer by \$9,350,000 and revising Provisions 1 and 2 as follows:

- "1. Of the amount transferred by this item ~~\$31,000,000~~ \$23,050,000 shall be utilized for the purposes of the Multifamily Housing Program as set forth in Chapter 6.7 (commencing with Section 50675) of Part 2, Division 31 of the Health and Safety Code."
- "2. Of the amount transferred by this item, ~~\$4,400,000~~ \$3,000,000 shall be utilized for the Downtown Rebound Program established by Section 50898.1 of the Health and Safety Code."

Code. Of this amount, ~~\$3,000,000~~ \$2,000,000 shall be available for the purposes of subdivision (a) and ~~\$1,400,000~~ \$1,000,000 shall be available for the purposes of subdivision (b)."

I am reducing funding for the Multifamily Housing Loan Program by \$7,950,000 and the Downtown Rebound Program by \$1,400,000. This action is necessary due to fiscal constraints and limited resources in the General Fund. I take this action as a matter of consistency because the discretionary programs for nearly all State departments funded from the General Fund have been reduced similarly. In addition, part of the reduction to the Multifamily Housing Loan Program reflects the availability of approximately \$68 million in funding provided in 2000-01 that will allow program expenditures of \$91 million in 2001-02.

Item 2400-001-0933--For support of Department of Managed Health Care. I reduce this item from \$30,858,000 to \$30,358,000 by reducing:

- (1) 30-Health Plan Program from \$30,858,000 to \$30,358,000.

I am reducing by \$500,000, the \$1,000,000 legislative augmentation for educating health plan enrollees and providers about the availability of the Independent Medical Review process. The Independent Medical Review process has already been used by many plan enrollees to obtain independent, third party review of disputes about medical care. The Department provides information on how to access the process and arranges for the reviews. In combination with the existing efforts of the department and the \$2,000,000 already in the budget for consumer education, this should be sufficient funding to inform enrollees and providers of the recently created Independent Medical Review process. Health plans are also required to provide the process information and application forms to enrollees denied treatment or services based on medical judgment.

Item 2660-001-0001--For support of Department of Transportation. I delete this item.

I am deleting the \$355,000 legislative augmentation for local projects. This action is essential due to fiscal constraints and limited resources in the General Fund.

Item 2660-001-0042--For support of Department of Transportation. I reduce this item from \$2,020,380,000 to \$2,013,380,000 by reducing:

- (7) 20.80-Highway Transportation—Maintenance from \$798,906,000 to \$793,906,000;
- (9) 40.00-Transportation Planning from \$117,604,000 to \$115,604,000;

and by deleting Provisions 14, 16, 18, 19 and 20.

I am deleting the \$5,000,000 legislative augmentation for State Route 710 maintenance. The Department has indicated that it will review the aesthetics and pavement quality of the highway system and use existing resources to make improvements during 2001-02. The Department plans to review the adequacy of existing aesthetic standards for the system and consider options for changes in both design and maintenance goals.

I am deleting the \$2,000,000 legislative augmentation to provide funding for Chapter 832, Statutes of 2000, which permits regional transportation planning agencies to include, in their 20-year regional transportation plans, alternative planning scenarios that emphasize integration

of land use to reduce transportation impact. Since inclusion of alternative scenarios is a discretionary activity and if agencies believe there would be benefits, they should redirect funding for this purpose from other state, federal, and local funds provided for planning. I am also deleting Provision 18 of this item to conform to this action.

I am deleting Provision 14 that requires Caltrans to change the method it uses to report on the work it does to prepare projects for construction. While I agree that the approach proposed in this language would provide useful information, I am concerned that it does not adequately recognize the necessary role of project substitution. A portion of Caltrans' work schedule each year is unavoidably affected by delays beyond the control of the Department or the regional transportation agencies. To ensure a high overall level of project delivery, the regional agencies and Caltrans then substitute projects, an approach which reflects prudent management rather than poor scheduling. While I am open to continuing dialogue on useful measures of project delivery, I believe it is important that the discussion proceed not pursuant to budget bill language but in a broader policy setting. In the interim, I am directing the Department to include a range of project completion information in its future reporting that will present a balanced and complete picture to the Legislature and the public.

I am deleting Provision 16 that requires Caltrans to evaluate options and recommend specific mechanisms to the Legislature for funding capital improvement projects that maintain the California's shortline rail system, as identified in the Global Gateways Program or other goods movement initiatives by January 10, 2002. As previously stated in my signing message of AB 2866, Chapter 127, Statutes of 2000, which contained a similar requirement, I object to using state funds for this purpose. While the efficient movement of goods is important to California's economy, private, for-profit companies that operate freight railroads are largely capable of funding their own capital and operating needs.

I am sustaining the funding level in this item for design, environmental, construction management, and other project delivery services. Furthermore, I am sustaining Provision 17 that allows unexpended funds appropriated for project preparation and construction management in this item to be used for operating expenses for the purposes of contracting for architectural and engineering services for project delivery. It is my intent that Caltrans use the funding provided for the 315 positions added by the Legislature in whatever manner is necessary to ensure that design services are timely and projects are not delayed.

I am deleting Provision 19 that requires Caltrans to replace all overhead guide signs with signs using specified retroreflective sheeting materials within five years, so as to decrease electricity consumption. Caltrans is currently replacing signs with retroreflectorized signs through its routine maintenance and rehabilitation program. This language would accelerate that program at a significant cost. Energy savings related to this proposal would be minimal compared to the cost of accelerating the replacement program.

I am deleting Provision 20 that requires Caltrans to construct a grade crossing for State Route 1 on the Alameda Corridor as a triple grade crossing. The State's commitment to the Alameda Corridor has been demonstrated with the \$42 million provided from its Interregional Transportation Improvement Program and \$18 million from Proposition 116 funds, which is over 80 percent of the cost of the currently budgeted single grade crossing project. I am directing the Department to work with the interested parties to find a solution to finance and construct the larger and more beneficial grade crossing project.

Budget Bill language supported by the Administration was inadvertently omitted from this item. As a technical correction, I am directing the department to prepare its urban highway congestion monitoring report, distribute the report to the various congestion management agencies statewide, and also make the reports available to any interested parties upon request.

Item 2660-001-0046--For support of Department of Transportation. I revise this item by deleting Provision 3.

I am deleting Provision 3 that states legislative intent to require Caltrans to bid competitively for intercity rail services, as opposed to current law, which is permissive.

The benefits of competitive bidding on intercity rail services are speculative since private rail operators may incur additional costs for the acquisition of equipment and infrastructure necessary to service the various intercity rail routes. The State and Amtrak have been partners in expanding rail service in California, both in building the infrastructure and in marketing rail travel. Amtrak is able to provide one-stop ticketing and connections between its interstate trains and the State's intercity rail service that another vendor may find difficult to duplicate.

While I support competitive bidding, bidding on existing corridors where Amtrak has made significant long-term investments would be difficult for both bidders and the State and may not be cost beneficial. Therefore, I am directing the Department of Transportation to conduct a study to identify the costs and benefits of competitive bidding for the State's intercity rail services.

Item 2660-001-0703--For support of Department of Transportation. I delete this item.

I am deleting the \$250,000 legislative augmentation to complete a study of abandoned rail corridors to evaluate their potential for non-motorized transportation and as links to improve access to public transit. In 1994, Caltrans performed a survey of rail rights-of-way to identify the status of all the rail corridors in the state and evaluate their relative importance and potential for future rail passenger service. I am directing Caltrans to update and expand the 1994 study using existing resources and to identify abandoned rail corridors that have potential for use by non-motorized transportation and as links to improve access to public transit. Once completed, Caltrans will provide this information to local transportation planning agencies for consideration in local planning efforts.

Item 2660-002-0608--For support of Department of Transportation. I reduce this item from \$72,247,000 to \$65,029,000 and delete Provision 2.

I am deleting the augmentation of \$7,218,000 and Provision 2 to conform to the direction I have provided to Caltrans related to Provision 17 of Item 2660-001-0042.

Item 2660-101-0001--For local assistance, Department of Transportation. I reduce this item from \$2,294,000 to \$1,595,000 by reducing:

- (a) Local Projects from \$2,294,000 to \$1,595,000 by reducing \$201,000 for the following subschedules:
 - (3) City of Martinez: Burlington Northern/Santa Fe Railroad Trestle from (\$60,000) to (\$40,000);

- (5) City of San Jose: Los Gatos Creek Trail Bicycle and Pedestrian Improvement Project from (\$75,000) to (\$57,000);
- (7) City of Ventura: California Street Storm Drain Upgrade from (\$100,000) to (\$50,000);
- (8) Southern California Regional Rail Authority: Inland Empire Maintenance Facility from (\$100,000) to (\$50,000);
- (10) City of Manteca: Safe Route to School Grant from Street Sidewalk Project from (\$100,000) to (\$50,000); and
- (12) County of Los Angeles: Malibu Canyon-Las Virgenes Road Scenic Highway Designation from (\$25,000) to (\$12,000);

and by deleting \$498,000 for the following subschedules:

- (2) City of Westminster: Bolsa Avenue/Little Saigon Project (\$50,000);
- (9) City of Tracy: Replacement of school and pedestrian crossing signs with enhanced visibility signs (\$10,000);
- (14) City of Fullerton: New Central Control System (\$53,000);
- (15) City of Brea: Replace Street Light Poles (\$115,000);
- (16) City of Brea: Carbon Canyon Traffic Analysis (\$50,000);
- (17) City of Brea: Carbon Canyon Specific Plan Update (\$100,000);
- (18) City of Cypress: Rental Deposit Guarantee Program (\$70,000); and
- (19) Castaic Area Town Council: Emergency Bypass Road for Castaic Road (\$50,000).

I am reducing and deleting these legislative augmentations for local projects by \$699,000. These actions are essential due to fiscal constraints and limited resources in the General Fund. The augmentations that I am sustaining are for one-time expenditures.

Item 2660-101-0042--For local assistance, Department of Transportation. I reduce this item from \$356,738,000 to \$339,417,000 by reducing:

- (1) 20.30-Highway Transportation-Local Assistance from \$210,592,000 to \$193,871,000,
- and
- (3) 40-Transportation Planning from \$10,600,000 to \$10,000,000

I am reducing this legislative augmentation for Freeway Service Patrol from \$18,000,000 to \$1,279,000, to expand the Freeway Service Patrol. This level of funding will provide local agencies with the ability to cover unavoidable operating cost increases. The Freeway Service Patrol provides valuable assistance to motorists and helps reduce traffic congestion. While I understand that expanding this program to additional congested areas and to provide better service may have merit, existing statutory formulas preclude the direct allocation of funds based on needs. I am directing the Department of Transportation to work with interested parties on developing a plan for expanded services.

I am deleting the \$600,000 legislative augmentation for the Coronado Tunnel study. The cost of environmental studies related to a local project should be borne by the local agency sponsoring the project or funded from the region's share of the State Transportation Improvement Program.

Item 2660-103-0042--For local assistance, Department of Transportation. I delete this item.

I am deleting the augmentation of \$20,000,000 for initial planning and design costs for the Transbay Terminal Improvement Plan. While I believe there is merit to the project, it should be considered in the context of other regional transportation projects and available funding. It would not be prudent to commit any funds until a viable financing plan is developed for the project in its entirety.

Item 2720-001-0001--For transfer by the Controller, upon order of the Director of Finance, to the Motor Vehicle Account, State Transportation Fund (0044). I delete this item.

I delete the \$29,719,000 transfer, which offsets the cost of protection of the Capitol and constitutional officers to the Motor Vehicle Account. The budget for these services is included in Item 2720-001-0044, for support of the California Highway Patrol from the Motor Vehicle Account, which is not reduced. This action is essential due to fiscal constraints and limited resources in the General Fund. I will reconsider this funding during the development of future budgets.

Item 2720-001-0044--For support of Department of California Highway Patrol. I reduce this item from \$948,101,000 to \$946,351,000 by reducing:

(2) 20-Regulation and Inspection from \$102,863,000 to \$101,113,000,

and by deleting Provision 1.

I am deleting the \$1,750,000 legislative augmentation and Provision 1, which funds ten additional officers for the farm labor transportation safety program. The January Budget I proposed includes ten additional officers, doubling the program started a year earlier. I am directing the California Highway Patrol to dedicate five of these additional officers to the Salinas Valley. These officers will begin to address the need for farm labor transportation safety in one of the largest agricultural areas of the State.

Item 2720-002-0001--For support of Department of the California Highway Patrol. I delete this item and Provision 1.

I am deleting the \$10,000 legislative augmentation for the California Highway Patrol Explorer Post. This action is essential due to fiscal constraints and limited resources in the General Fund.

Item 2720-101-0001--For local assistance, Department of the California Highway Patrol. I reduce this item from \$1,000,000 to \$999,000 and revise Provision 1.

- "1. Grants shall only be available to local law enforcement agencies that collect all of the following data:
- (a) The number of vehicle drivers stopped for all traffic law enforcement purposes, whether or not a citation or warning was issued.
 - (b) The race or ethnicity of the individuals stopped, based on visual observation.
 - (c) ~~A tabulation of which of the following basis the stop was made: (1) a violation of the Vehicle Code, (2) a violation of the Penal Code, (3) a violation of a local ordinance, or (4) the appearance of the driver or the appearance of the vehicle~~

~~matches the description of a crime suspect or of a vehicle involved in the commission of a crime or belonging to a crime suspect.~~

- ~~(d) Whether a vehicle search was instituted.~~
- ~~(e) A tabulation indicating if any of the following items were discovered or seized in the course of the search: (1) weapons, (2) controlled substances, (3) cash, (4) vehicles, (5) other property believed to be unlawful or the possession of which is unlawful.~~
- ~~(f) A tabulation of which of the following resulted from the search or stop: (1) a written citation, (2) a warning, or (3) an arrest. Notwithstanding any other provisions of law, grants may be in the form of advanced payments for the costs of data collection.....3,000,000”~~

I am reducing this item by \$1,000 and deleting language that adds new data elements to be collected when law enforcement officers make traffic stops. I find racial profiling abhorrent, and signed legislation outlawing the practice and requiring all peace officers to submit to additional training in cultural diversity. Given the extraordinary challenges of the work peace officers perform up and down this state, I believe it is more appropriate for local law enforcement agencies to decide if the additional data elements specified in this provision should be collected voluntarily.

Local jurisdictions representing over 60 percent of the State's population currently are collecting racial profiling data. According to the Commissioner of the California Highway Patrol, the collection of the new data elements that would have been required under this provision and the tabulation and reporting of them to the California Highway Patrol will add significant costs to this program. I am concerned that the added costs are not offset by the modest grants that can be made with the money appropriated in this item. This may lead to less participation by law enforcement agencies in this voluntary program. I am reducing \$1,000 from this item to reflect savings that will be achieved based on vetoing Provision 1 of this item.

I am also revising the language to delete a printing error in the budget bill, which shows an invalid amount associated with this provision.

Item 2720-491—Reappropriation, Department of the California Highway Patrol. I reduce this item by \$1,000 and revise Schedule (1) as follows:

- “(1) Item 2720-101-0001, Budget Act of 2000 (Ch. 52, Stats. 2000). The unencumbered balance is reappropriated to provide local assistance grants to local law enforcement agencies for the cost of collecting racial profiling data and shall be available for expenditure until June 30, 2002. Grants shall only be available to local law enforcement agencies that collect all of the following data: (a) the number of vehicle drivers stopped for all traffic law enforcement purposes, whether or not a citation or warning was issued, (b) the race or ethnicity of the individuals stopped based on visual observation, ~~(c) a tabulation of which of the following basis the stop was made: (1) a violation of the Vehicle Code, (2) a violation of the Penal Code, (3) a violation of a local ordinance, or (4) the appearance of the driver or the appearance of the vehicle matches the description of a crime suspect or of a vehicle involved in the commission of a crime or belonging to a crime suspect, (d) whether a vehicle search was instituted, (e) a tabulation of which the following items were discovered or seized in the course of the search: (1) weapons, (2) controlled substances, (3) cash, (4) vehicles, or (5) other property believed to be unlawful or the possession of which is unlawful, and (f) a tabulation of which of the following resulted from the search or stop: (1) a written citation,~~

~~(2) a warning, or (3) an arrest.~~ Notwithstanding any other provisions of law, grants may be in the form of advanced payments for the costs of data collection.”

I am reducing \$1,000 from this item and deleting language that adds new data elements to be collected when law enforcement officers make traffic stops. This action conforms with the action I have taken on Item 2720-101-0001.

Item 2740-001-0044--For support of Department of Motor Vehicles, I revise this item by deleting the following schedule:

(7.5) 97.20.001--Unallocated reduction --\$21,000,000,

and by deleting Provision 4.

In order to correct a technical error in the Budget Bill, I am deleting Schedule 7.5 and Provision 4, which relate to a proposal to make a \$21 million unallocated reduction in the Budget of the Department of Motor Vehicles. Such an unallocated reduction was considered by the Legislature and rejected. The total in the item reflects the correct amount. These provisions were inadvertently left in the final version of the Budget Bill. This technical veto will conform the Budget Act to the action taken by the Legislature.

Item 2920-101-0001--For local assistance, Technology, Trade, and Commerce Agency. I reduce this item from \$34,790,000 to \$29,675,000 by reducing:

- (1) 07-Science, Technology and Innovation from \$19,066,000 to \$14,166,000; and
- (5) 97.20.004-Local Projects from \$2,390,000 to \$2,175,000 by reducing the following subschedules:
 - (a) Canoga Park Improvement Association: Canoga Park Improvement Association/Main Street Canoga Park Community Center Commercial District Improvements from \$150,000 to \$100,000;
 - (f) East LA Community Corporation: Community Development Incubator from \$140,000 to \$75,000; and

and by deleting the following subschedule:

- (e) Redwood Economic Development Inst.: Aleutian Goose Festival and Business Cluster Program (100,000).

I am reducing funding for the Next Generation Internet project by \$3,000,000 and retaining \$2,000,000. Combined with funding available from the Budget Act of 2000, this program will be able to support the two Centers and their grant programs to develop business applications for the new high-speed Internet2 as anticipated in 2001-02. I am also reducing funding for the Manufacturing Technology Program by \$1,900,000.

I am reducing \$215,000 for legislative augmentations for the local projects as indicated above. These actions are necessary due to fiscal constraints and limited resources in the General Fund. I am sustaining one-time funding for the remaining local projects.

Item 2920-102-0001--For local assistance, Klamath River Water Crisis Economic Assistance and Mitigation Program.

I am sustaining the \$8 million legislative augmentation for the Klamath River Water Crisis Economic Assistance and Mitigation Program. This appropriation is being provided to help mitigate the economic distress resulting from the action by the federal Bureau of Reclamation to cease providing water to the Klamath River Valley. Because this problem does not appear to be of a short-term nature, it cannot be addressed well by existing state disaster relief programs. Therefore, expenditure of these funds is contingent on the enactment of subsequent legislation to create an assistance and mitigation program that meets the unique needs of this region.

Item 2920-111-0001--For transfer, upon order of the Director of Finance, from the General Fund to the Film California First Fund (3005). I reduce this item from \$10,000,000 to \$2,000,000.

I am reducing this transfer by \$8,000,000. This reduction reflects the availability of \$8,000,000 in funding from 2000-01 that will allow expenditure of \$10,000,000 in 2001-02 for this program, which provides incentives to use California locations for filming.

Item 3360-101-0001--For local assistance, State Energy Resources Conservation and Development Commission. I delete this item.

I am deleting the legislative augmentation of \$200,000 for the City and County of San Francisco to provide energy efficiency outreach to non-English speaking persons. While I am supportive of outreach efforts to educate non-English speaking persons about the critical need to conserve energy and reduce electricity demand, the State and Consumer Services Agency, the Department of Consumer Affairs, the California Conservation Corps, and the State Energy Resources Conservation and Development Commission are taking measures to inform non-English speaking populations about available energy efficiency and conservation programs. In particular, the Department of Consumer Affairs is running energy efficiency campaigns in paid media forums in five different languages and printing an Energy Assistance Guide and Tips for Energy Emergency in five languages.

I am deleting the legislative augmentations of \$80,000 for a solar panel pilot program for the City of Redondo Beach, \$30,000 to replace red signal lights for the City of Manhattan Beach, and \$300,000 for energy efficiency improvement in the City of Oxnard. This action is essential due to fiscal constraints and limited resources in the General Fund.

Item 3480-001-0001--For support of Department of Conservation. I revise this item by reducing:

- (1) 10-Geologic Hazards and Mineral Resources Conservation from \$25,865,000 to \$25,665,000;

and by deleting:

- (18.5) Amount payable from the Abandoned Mine Reclamation and Minerals Fund (Item 3480-001-3025) (-\$200,000);

and by deleting Provision 2.

I am revising this item to conform to the action I have taken in Item 3480-001-3025.

Item 3480-001-3025—For support of Department of Conservation. I delete this item and Provision 1.

I am deleting this item because the Department of Conservation has not completed its inventory of abandoned mines. Until that inventory is completed and prioritized, it is premature to fund remediation efforts.

Item 3480-011-0035--For transfer by the Controller from the Surface Mining and Reclamation Account to the Abandoned Mine Reclamation and Minerals Fund. I delete this item.

I am deleting the \$200,000 transfer to conform to the action I have taken in Item 3480-001-3025.

Item 3540-001-0001--For support of Department of Forestry and Fire Protection. I reduce this item from \$360,496,000 to \$359,496,000 by reducing:

- (1) 100000-Personal services from \$360,743,000 to \$360,423,000;
- (2) 300000-Operating expenses and equipment from \$220,667,000 to \$219,987,000;

and by deleting Provisions 4.

I am reducing the \$2,700,000 legislative augmentation for Sudden Oak Death (SOD) mitigation to \$1,700,000. This action deletes \$1,000,000 for related fire protection services that have already been funded in this item.

I am deleting Provision 4 because it infringes on the Administration's responsibility to protect forestland by establishing regulations related to timber harvest practices. I am encouraging the Board of Forestry to work with all interested parties to develop permanent regulations promoting responsible timber harvest practices while providing sufficient habitat protection.

Item 3540-101-0001--For local assistance, Department of Forestry and Fire Protection. I reduce this item from \$285,000 to \$120,000 by reducing:

- (1) Local Projects from \$285,000 to \$120,000 by deleting:
 - (c) Placer Land Trust: Auburn Native Oak Protection (\$90,000); and
 - (d) City of Norco: Norco Tree Abatement (\$75,000)

This action is essential due to fiscal constraints and limited resources in the General Fund. Furthermore, the amount being sustained for projects in this item shall be on a one-time basis.

Item 3600-101-0001--For local assistance, Department of Fish and Game. I reduce this item from \$2,200,000 to \$1,800,000 by reducing:

- (2) 97.20.004-Local Projects from \$600,000 to \$200,000 by reducing:
 - (a) Sweetwater Authority: Completion of Reservoir Fishing Facility Improvements from (\$550,000) to (\$200,000);

and by deleting:

- (b) City of Huntington Beach: Shipley Nature Center (\$50,000).

These actions are essential due to fiscal constraints and limited resources in the General Fund. Furthermore, the amount being sustained for these projects shall be approved on a one-time basis.

Item 3600-301-6018--For capital outlay, Department of Fish and Game. I delete this item.

I am deleting the \$7,500,000 legislative augmentation for the Mill Creek Acquisition. While I am supportive of additional funds for acquisitions aimed at protecting wildlife habitat, I note that there is currently \$30 million (\$15 million General Fund and \$15 million Save the Redwoods League) available for this acquisition through the Wildlife Conservation Board's Land Conservation Matching Grants Program. In addition, I am sustaining language in Item 3790-301-0005 directing the Department of Parks and Recreation to allocate \$10,000,000 from the 2000 Bond Habitat Acquisition Program to the Mill Creek Acquisition project.

Item 3640-101-0001--For local assistance, Wildlife Conservation Board. I reduce this item from \$559,000 to \$300,000 by reducing:

- (a) 97.20.004—Local Projects from \$559,000 to \$300,000 by reducing subschedule:
- (2) Santa Clara County Open Space Authority: Open Space Acquisition Project—Hong Property from (\$100,000) to (\$50,000);

and by deleting subschedules:

- (3) Stanislaus Wildlife Care Center: Expansion (\$109,000); and
(4) Mountains Recreation and Conservation Authority: Rocky Pointe Arroyo-Simi Wetlands and Nature Preserve (\$100,000).

These actions are essential due to fiscal constraints and limited resources in the General Fund. I am sustaining the legislative augmentation for the Hong Property acquisition on a one-time basis.

Item 3720-001-0001--For support of California Coastal Commission. I reduce this item from \$12,591,000 to \$11,191,000 by reducing:

- (1) 10-Coastal Management Program from \$15,782,000 to \$14,382,000.

I am deleting the \$1,400,000 legislative augmentation for workload related to Local Coastal Program permit applications, appeals, and review. This action is necessary to continue funding for previously approved projects and provide for a prudent reserve for economic uncertainties.

Item 3760-101-0001--For local assistance, State Coastal Conservancy. I reduce this item from \$1,900,000 to \$1,690,000 by reducing:

- (1) 97.20.004--Local Projects from \$1,900,000 to \$1,690,000 by reducing the following subschedules:
- (c) City of Oakland: Lake Merritt restoration from (\$200,000) to (\$160,000);

- (d) County of Marin: Bolinas Restoration Project from (\$300,000) to (\$155,000); and
- (e) City of San Diego: Ocean pier restoration from (\$150,000) to (\$125,000).

This action is essential due to fiscal constraints and limited resources in the General Fund. I am sustaining the legislative augmentations remaining for this projects on a one-time basis.

Item 3780-001-0001--For support of Native American Heritage Commission. I reduce this item from \$528,000 to \$328,000.

I am deleting the \$200,000 legislative augmentation for review of timber harvest plans. This action is necessary to continue funding for previously approved projects and build a prudent reserve for economic uncertainties.

Item 3790-001-0001--For support of Department of Parks and Recreation. I reduce this item from \$130,947,000 to \$129,537,000.

I am reducing this item by \$535,000 for projects at the State Capitol to begin restoration of the historic flag collection, install protective mural cases, and renovate the insectory within Capitol Park. This action is essential due to fiscal constraints and limited resources in the General Fund.

I am sustaining \$100,000 of the \$300,000 originally allocated in this item specifically for preparing a feasibility study on adding the San Joaquin River Parkway to the State Parks System. This action is essential due to fiscal constraints and limited resources in the General Fund.

In order to correct a technical error in the Budget Bill, I am reducing this item by \$675,000. This amendment corresponds to the correct appropriation amount payable from the General Fund as shown in Item 3790-001-0392.

Item 3790-001-0392--For support of Department of Parks and Recreation. I revise this item by reducing:

- (1) For support of the Department of Parks and Recreation from \$272,852,000 to \$272,167,000; and
- (4) Amount payable from the General Fund (Item 3790-001-0001) from -\$130,272,000 to -\$129,587,000.

I am revising this item to conform to the action taken in Item 3790-001-0001.

Item 3790-101-0001--For local assistance, Department of Parks and Recreation. I reduce this item from \$43,326,990 to \$25,060,000 by reducing:

- (a) 80.25-Recreational Grants from \$6,890,000 to \$4,390,000 by deleting:
 - (3) County of Los Angeles: El Pueblo Cultural and Performing Arts Center (\$2,500,000); and
- (b) Local Projects from \$36,436,990 to \$20,670,000 by deleting the following subschedules:

- (4) Boys and Girls Club of San Bernardino: Expansion Project (\$100,000);
- (24) City of La Puente: La Puente Community Center (\$99,000);
- (28) City of Manteca: Tidewater Bikeway (\$125,000);
- (70) City of Garden Grove: Gum Theater marquee replacement (\$25,000);
- (90) City of Los Angeles: Ascot Park (\$1,000,000);
- (138) Tulare County's District Attorney's Office: Tulare County Gang Task Force Operations (\$100,000);
- (151) City of Visalia: Mobile Recreation Centers (\$100,000);
- (152) Tulare County: Boys and Girls Club, youth facility (\$100,000);
- (153) City of Oceanside: Martin Luther King, Jr. Skate Park (\$50,000);
- (154) Town of Yucca Valley: Morongo Basin Regional/Multipurpose trails system (\$50,000);
- (155) City of San Jacinto: Estudillo Mansion (\$50,000);
- (156) City of Moreno Valley Department of Parks and Recreation: State Park Bond proposed projects for funding City of Moreno Valley Parks and Recreation Department (\$50,000);
- (165) Tustin Boys and Girls Club: Purchase of fuel powered/solar powered generating system (\$40,000);
- (166) Laguna Beach Boys and Girls Club: Laguna Beach Boys and Girls Club teen facilities expansion (\$60,000);
- (167) City of Folsom: Regional Humbug-Willow Creek Bikeway Gap Closure Project (\$75,000);
- (168) Sunrise Recreation and Park District: Family picnic shelter (\$75,000);
- (169) Orangevale Recreation and Park District: Community solar panels (\$85,000);
- (170) North Highlands Recreation and Park District: McClellan Sports Complex rehabilitation (\$100,000);
- (171) Carmichael Recreation and Park District: Carmichael Park swimming pool renovation (\$75,000);
- (173) City of Fountain Valley: Recreation Facility Expansion Project (\$100,000);
- (174) City of La Palma: El Rancho Verde Open Space Project (\$100,000);
- (175) City of Los Alamitos: USA Olympic Team Facility (\$100,000);
- (176) City of El Cajon: El Cajon High School tennis courts (\$63,000);
- (177) City of El Cajon: Tuttle Parks Sports Field (\$95,000);
- (178) City of La Mesa: Junior Seau Regional Sports Complex Baseball field capability-Phase 3 (\$91,000);
- (179) City of Lemon Grove: Pine replacement at Main Street (\$11,000);
- (180) City of Lemon Grove: Replacement pipe at Ensenada Street (\$8,000);
- (181) City of Lemon Grove: Roosevelt Street (\$8,000);
- (182) City of La Mesa: Junior Seau Regional Sports Complex ball field special features (\$90,990);
- (183) City of El Cajon: Dance studio (\$15,000);
- (184) City of Fontana: Heritage Community Center (\$425,000);
- (185) East Contra Costa County Historical Society: Relocation and Foundation for Eden Plain School Historical Building (\$30,000);
- (187) Tahoe City Public Utilities District: Tahoe City Community Center for Lake Tahoe Information, Culture, and Art (\$100,000);
- (188) Hangtown Gold Bug Park Development Committee: Gold Bug Park Living Museum (\$100,000);
- (189) Los Osos Community Pool Association: Los Osos Community Aquatic Center (\$300,000);
- (190) City of San Maria: Community Youth Center final phase (\$250,000);

- (191) City of Arroyo Grande: Five Cities Community Recreation Center (\$250,000);
- (192) City of Diamond Bar: Summit Ridge Park improvements (\$50,000);
- (193) City of Norco: Ingall's Regional Equestrian Park (\$50,000);
- (194) Riverside Parks and Recreation: Air conditioning for the Cesar Chavez Community Center (\$150,000);
- (196) City of Thousand Oaks: Ventura County Discovery Center (VCDC) (\$100,000);
- (197) City of Los Angeles, Parks and Recreation Department: Recreational facility upgrade (\$132,000);
- (199) City of Escondido: Escondido Sports Center (\$150,000);
- (200) City of Encinitas: Parkland and Open Space Acquisition Funding (\$300,000);
- (201) City of Del Mar: Reconstruction of children's playground area (\$45,000);
- (202) City of Escondido: Boundless Playground (\$100,000);
- (203) City of Apple Valley: Apple Valley Town Center Park (\$100,000);
- (204) County of San Bernardino: Barstow Wading Pool (\$81,000);
- (205) County of San Bernardino: Spring Valley Lake Baseball Fields (\$60,000);
- (206) Anza Borrego Foundation: Mason Valley Project (\$200,000);
- (207) City of Walnut: Suzanne Park Renovation Project (\$50,000);
- (208) City of La Mirada: Skateboard Park (\$50,000);
- (209) City of La Puente: Skateboard Park-City of La Puente (\$50,000);
- (210) City of West Covina: Ridge Rider Equestrian Center (\$50,000);
- (211) City of Fullerton: Lions Field athletic field lights (\$100,000); and
- (212) City of Fullerton: Independence Park play structure (\$40,000);

and reducing the following subschedules:

- (5) Boys and Girls Club of San Pedro: Rancho San Pedro Clubhouse start up capital from (\$288,000) to (\$200,000);
- (6) Buena Park Boys and Girls Club: Building expansion from (\$395,000) to (\$200,000);
- (8) City and County of San Francisco: Edgehill Mountain Open Space Park Land acquisition from (\$150,000) to (\$75,000);
- (9) City of Arcata: Arcata Ballpark improvements from (\$200,000) to (\$150,000);
- (10) City of Baldwin Park: Baldwin Park Community Center construction of multi-purpose recreational facility from (\$241,000) to (\$200,000);
- (11) City of Chula Vista: Otay Park, children's playground construction from (\$105,000) to (\$85,000);
- (12) City of Chula Vista: Nature Interpretive Center from (\$500,000) to (\$150,000)
- (13) City of Compton: Gonzales Park from (\$390,000) to (\$200,000);
- (17) City of El Cajon, Department of Parks and Recreation: Montgomery Middle School, sports field lighting from (\$120,000) to (\$90,000);
- (18) City of El Cajon, Department of Parks and Recreation: Fletcher Hills Recreation Center, pool and locker room improvements from (\$200,000) to (\$150,000);
- (22) City of La Mesa: Briarcrest Park, capital improvements from (\$200,000) to (\$150,000);
- (23) City of La Mesa: Junior Seau Regional Sports Complex, capital improvements from (\$200,000) to (\$150,000);
- (26) City of Lemon Grove, Department of Parks and Recreation: City Center Park, phase II improvements from (\$250,000) to (\$200,000);
- (27) City of Manhattan Beach: Polliwog Park rehabilitation from (\$200,000) to (\$100,000);
- (29) City of Montebello: Skateboard Park from (\$246,000) to (\$200,000);

- (30) City of Ontario: The De Anza Community Center from (\$100,000) to (\$75,000);
- (31) City of Ontario: Youth Soccer Sports Complex from (\$110,000) to (\$50,000);
- (32) City of Pomona: Westmont Park, Kennedy Skateboard Park, Jaycee Community Park, Ganesha Park Pool, Grove Sports Park from (\$250,000) to (\$80,000);
- (33) City of Rialto: Frisbee Park from (\$75,000) to (\$50,000);
- (34) City of San Bernardino: Skateboard Park from (\$75,000) to (\$25,000);
- (36) City of San Diego: Bay Terraces Community Park, Capital improvement completion from (\$200,000) to (\$150,000);
- (37) City of San Diego: Keiller Park, design and construction of comfort station from (\$200,000) to (\$150,000);
- (38) City of San Diego: Martin Luther King Jr. Community Center, completion of construction from (\$250,000) to (\$150,000);
- (42) City of Whittier: Whittier Greenway Trail from (\$750,000) to (\$450,000);
- (43) City of Willits: Build Youth Center from (\$200,000) to (\$100,000);
- (44) Colour Me Freedom Foundation: Martin Luther King Jr. Museum/Cesar E. Chavez Diversity Center from (\$300,000) to (\$250,000);
- (45) County of Los Angeles: Del Amo Neighborhood Park in Carson from (\$710,000) to (\$350,000);
- (48) County of Santa Barbara: Goleta Youth Baseball Fields Santa Barbara from (\$2,000,000) to (\$500,000);
- (49) County of Santa Clara: Villa Montalvo from (\$300,000) to (\$200,000);
- (51) East County Performing Arts Center: Capital improvements to the center from (\$500,000) to (\$275,000);
- (52) East Los Angeles Community Youth Center: Facility refurbishment from (\$330,000) to (\$225,000);
- (54) McKinleyville Community Services District : McKinleyville Park, ballpark construction from (\$200,000) to (\$125,000);
- (58) National City, Department of Parks and Recreation: Municipal Pool, facility improvements from (\$200,000) to (\$150,000);
- (59) North Highlands Recreation and Park District: Freedom Park Sports Complex, rehabilitation from (\$175,000) to (\$75,000);
- (62) Sacramento Asian Sports Foundation: Community Center from (\$330,000) to (\$100,000);
- (64) Sacramento Valley Open Space Conservancy: Purchase of Fair Oaks Bluffs from (\$300,000) to (\$100,000);
- (67) Trust for Public Lands: Bella Vista Discovery Park Oakland from (\$1,000,000) to (\$650,000);
- (68) City of Orange: Eli Home Expansion from (\$400,000) to (\$150,000);
- (71) City of Concord: Daniel E. Boatwright Sports Complex playground from (\$133,000) to (\$110,000);
- (72) Major League Baseball Urban Youth Foundation: Major League Baseball Academy from (\$2,675,000) to (\$2,000,000);
- (73) Pacoima Community Technology Center from (\$250,000) to (\$75,000);
- (74) County of Merced: South Dos Palos Park irrigation system from (\$333,000) to (\$225,000);
- (75) City of Atwater: Restoration of Bloss Home from (\$275,000) to (\$75,000);
- (76) Heart of Los Angeles Youth: Renovation of Existing Facility from (\$50,000) to (\$40,000);
- (78) East Bay Regional Park District: Roberts Regional Park from (\$50,000) to (\$25,000);

- (79) Bassett Little League: Bassett Little League Park improvements from (\$75,000) to (\$40,000);
- (80) City of La Puente Parks and Recreation: City of La Puente Skate Board Park from (\$150,000) to (\$90,000);
- (84) City of Newark: Newark Skate Park from (\$200,000) to (\$150,000);
- (85) Old Timers Foundation: Capital Improvements for family center in the City of Huntington Park from (\$150,000) to (\$75,000);
- (86) Door of Hope Community Center: Community Skate Park-East Los Angeles from (\$100,000) to (\$75,000);
- (87) City of Shafter: Capital Parks improvement from (\$100,000) to (\$75,000);
- (88) City of Arvin: Arvin Skate Park from (\$140,000) to (\$75,000.);
- (89) City of Baldwin Park: Department of Recreation and Community Services-Jones Junior High School multi-purpose sports complex from (\$95,000) to (\$40,000);
- (91) City of Saratoga: Villa Montalvo from (\$200,000) to (\$100,000);
- (92) Children's Discovery Museum of San Jose from (\$250,000) to (\$175,000);
- (97) Boys and Girls Club of Burbank: Boys and Girls Club of Burbank Technology Learning Center from (\$50,000) to (\$40,000);
- (98) Friends of Griffith Park Observatory: Griffith Park Observatory from (\$200,000) to (\$160,000);
- (99) Ad Hoc Committee for Safe Children: Anahauk Youth Soccer Club from (\$75,000) to (\$25,000);
- (100) City of Los Angeles: Phase II: Temple-Beverly Family Park from (\$300,000) to (\$115,000);
- (101) Proyecto Pastoral at Dolores Mission: Proyecto Pastoral at Dolores Mission Expansion from (\$40,000) to (\$30,000);
- (104) City of Bellflower: William Bristol Civic Auditorium from (\$25,000) to (\$15,000);
- (105) City of Hawaiian Gardens: Community Parks Upgrades from (\$25,000) to (\$15,000);
- (110) City of San Diego: Serra Mesa Community Parks from (\$150,000) to (\$140,000);
- (111) City of San Diego: Terasanta Community Park security lighting from (\$150,000) to (\$100,000);
- (112) City of San Diego: University Tot Lots from (\$175,000) to (\$160,000);
- (113) Mountains Recreation and Conservation Authority: Briar Summit-Laurel Canyon East Core Habitat from (\$88,000) to (\$35,000);
- (114) City of Temple City: Temple City Basketball Court Project from (\$125,000) to (\$100,000);
- (115) South Pasadena: Skate Park from (\$75,000) to (\$50,000);
- (117) Los Angeles Maritime Institute: Completion of Twin Brigantine Project engine rooms from (\$100,000) to (\$60,000);
- (119) City of Stockton: Pixie Woods renovation from (\$200,000) to (\$100,000);
- (120) City of Stockton, Department of Parks and Recreation: Development of Youth Soccer Fields from (\$125,000) to (\$100,000);
- (127) City of Ontario: Construction of the restroom facility at Galvin Park from (\$100,000) to (\$91,000);
- (128) City of Montclair: Skateboard Park from (\$100,000) to (\$80,000);
- (129) City of Hermosa Beach: Renovation of Hermosa Valley Park from (\$90,000) to (\$70,000);
- (130) City of Torrance: North Torrance Community Service Center from (\$100,000) to (\$65,000);
- (132) Boys and Girls Club of Harbor City/Harbor Gateway: Complete facility for Harbor Gateway Boys and Girls Club from (\$100,000) to (\$75,000);

- (133) City of Los Angeles: Vans for afterschool program from (\$50,000) to (\$40,000);
- (134) City of South San Francisco: Construction of the Westborough Learning/Childcare Center from (\$175,000) to (\$150,000);
- (136) Tarzana Community Foundation: Tarzana Community Center from (\$240,000) to (\$100,000);
- (137) Hmong American Community, Inc.: Hmong American Community Center Renovation from (\$90,000) to (\$40,000);
- (139) City of Dinuba (Recreation Services): Minibus/van for Youth Center from (\$35,000) to (\$25,000);
- (141) Southgate Parks and Recreation: Florin Creek Soccer Complex rehabilitation and expansion from (\$75,000) to (\$30,000);
- (143) Vacaville Youth Soccer League: Centennial Park Soccer Complex from (\$300,000) to (\$230,000);
- (144) County of Solano: Relocation of Girl Scouts building from (\$150,000) to (\$100,000);
- (145) St. Vincent de Paul Village: Playground equipment for children's center from (\$150,000) to (\$112,000);
- (146) Willowbrook Boys and Girls Club: Complete construction of the Willowbrook Boys and Girls Club Facility from (\$150,000) to (\$100,000);
- (147) City of San Diego: North Clairemont Recreation Center-picnic shelter from (\$100,000) to (\$75,000);
- (149) City of San Diego: Golden Hill Community Park picnic shelter from (\$70,000) to (\$65,000);
- (161) City of Lake Forest: Community Resource Center from (\$100,000) to (\$50,000);
- (163) City of Lake Forest: Public skate park from (\$50,000) to (\$25,000);
- (186) City of Fontana: Heritage Community Center from (\$500,000) to (\$200,000).

I am reducing this item by \$2,500,000 in recreational grants, which would provide funding to develop a new community events center and rehabilitate the historic Plaza House at El Pueblo de Los Angeles State Park. This action is essential due to fiscal constraints and limited resources in the General Fund.

I am reducing this item by \$15,631,990 in local projects. This action is essential due to fiscal constraints and limited resources in the General Fund. Furthermore, of the amount being sustained for these projects, funding shall be approved on a one-time basis.

I am deleting the \$100,000 local project for (138) Tulare County's District Attorney's Office: Tulare County Gang Task Force Operations. This is a technical veto to correct an error in the Budget Act. This technical veto will conform to the Legislature's intent, and is consistent with legislative action taken in Item 8100-101-0001 (26.5)(af), which makes the correct allocation for this project within the Office of Criminal Justice Planning.

Item 3790-102-0383--For local assistance, Department of Parks and Recreation. I sustain this Item for use on a one-time basis.

Expenditure of this appropriation is dependent upon enactment of separate legislation that will authorize the Director of the Department of Parks and Recreation to establish guidelines for the allocation of these funds.

Item 3790-301-0001--For capital outlay, Department of Parks and Recreation. I reduce this item from \$350,000 to \$245,000 by reducing:

- (1) 97.20.004-Local Projects: Mount Diablo State Park (Morgan Territory) Acquisition from \$300,000 to \$225,000, and
- (2) Topanga State Park—Los Liones Trailhead improvements and restroom construction from \$50,000 to \$20,000.

I am reducing these legislative augmentations by \$105,000 due to fiscal constraints and limited resources in the General Fund.

However, I am sustaining the \$50,000 legislative augmentation for the Topanga State Park – Los Liones Trailhead improvements and restroom construction project on a one-time basis.

Item 3790-301-0005 – For capital outlay, Department of Parks and Recreation. I revise this item by reducing:

- (30.92) 90.KZ.101–Cornfields Project: Acquisition – Acquisition from \$40,000,000 to \$36,000,000; and
- (31) Reimbursements from -\$5,041,000 to -\$1,041,000;

and delete Provision 7.

These reductions are in conformance with Items 0540-101-0001, Schedule (2) and 0540-101-6015, Schedule (2), which were reduced due to fiscal constraints and limited resources.

I am deleting Provision 7, which allocates \$6,500,000 of the funds appropriated to the Albion Acquisition. This project has not been reviewed by the Department, with input from the State Parks and Recreation Commission, against other competing priority park system needs.

Item 3790-302-0005--For capital outlay, Parks and Recreation. I reduce this item from \$69,400,000 to \$9,850,000 by reducing:

- (7) 90.EC.400-Kenneth Hahn SRA: Baldwin Hills—Acquisition from \$11,000,000 to \$4,000,000;
- (13) 90.7T.400-Pigeon Point Light Station SHP: Bolsa Point/Whaler's Cove—Acquisition from \$5,000,000 to \$4,000,000;
- (14) 90.72.400-John Marsh Home SHP: Cowell Ranch—Acquisition from \$5,000,000 to \$1,500,000; and
- (15) 90.FH.100-Santa Monica SB: 415 PCH Project—EIRs and Planning from \$500,000 to \$350,000

and by deleting \$60,550,000 for the following projects:

- (1) 90.EX.400-Malibu Creek SP: Acquisition (700,000);
- (2) 90.4E.400-Mendocino Headlands SP: Big River—Acquisition (\$5,000,000);

- (3) 90.BR.400-Butano SP: Acquisition (\$3,000,000);
- (4) 90.B8.400-Castle Rock SP: Acquisition (\$7,000,000);
- (5) 90.CH.400-Point Lobos SR—Acquisition (\$5,000,000);
- (6) 90.CO.400-Wilder Ranch SP: Curren Ranch—Acquisition (\$2,200,000);
- (8) 90.EF.400-El Capitan SB: El Capitan Ranch—Acquisition (\$6,500,000);
- (9) 90.FW.400-Topanga SP: Mulholland Gateway—Acquisition (\$9,000,000);
- (10) 90.H6.400-Cuyamaca Rancho SP: Tulloch-Cuyamaca—Acquisition (\$3,000,000);
- (11) 90.7P.400-Half Moon Bay SB: Francis Beach—Acquisition (\$1,500,000); and
- (12) 90.7Q.400-Montara SB: Rancho Corral—Acquisition (\$5,000,000);

I am reducing these legislative augmentations due fiscal constraints and diminishing resources in the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund for unspecified state parks projects. The amount I have sustained for the Kenneth Hahn SRA: Baldwin Hills acquisition is intended to secure the acquisition of the Stocker Street Trail. Should this amount be insufficient, I direct the Department of Parks and Recreation to reassess the critical nature of this project and, if appropriate, request additional funds in the 2002 Governor's Budget.

In addition, I direct the Department of Parks and Recreation to allocate \$3,000,000 and \$625,000 from the 2000 Bond Redwood Acquisition Program for the Mendocino Headlands: Big River acquisition and the Butano SP acquisition, respectively. I further direct the department to seek additional federal funds for the Butano SP acquisition.

I further direct the Department of Parks and Recreation to allocate from the 2000 Bond Habitat Acquisition Program \$3,000,000 for the Castle Rock SP acquisition, \$5,000,000 for the El Capitan SB: El Capitan Ranch acquisition, \$4,000,000 for the Topanga SP: Mulholland Gateway acquisition, \$3,000,000 for the Cuyamaca Rancho SP: Tulloch-Cuyamaca acquisition, \$1,000,000 for the Pigeon Point Light Station SHP: Bolsa Point/Whaler's Cove acquisition, and \$1,500,000 for the John Marsh Home SHP: Cowell Ranch acquisition.

Item 3810-301-0005--For capital outlay, Santa Monica Mountains Conservancy. I reduce this item from \$16,250,000 to \$14,250,000.

I am deleting the \$2 million legislative augmentation for the Oakmont-Verdugo Mountains purchase. The Oakmont-Verdugo Mountains acquisition is one of the projects previously funded through the Resources Agency in 2000-01 from bond funds provided through Proposition 13. The additional \$2 million augmentation is not necessary to complete the acquisition.

Item 3860-001-0001--For support of Department of Water Resources, I reduce this item from \$117,373,000 to \$113,657,000 by reducing:

(4) 30-Public Safety and Prevention of Damage from \$41,976,800 to \$38,260,800,

and by deleting Provision 2.

California is heading into a difficult year with its softening economy and substantial revenue decreases. Consequently, the General Fund expenditures in this Budget are down 1.7 percent over the prior year. Due to fiscal constraints and limited resources, it is necessary to reduce funding for sediment removal projects for the Tisdale Bypass and the Fremont Weir. However, I am retaining \$599,000 for environmental review and engineering design activities to allow the projects to move forward.

I am deleting Provision 2 to conform to this action.

Item 3860-101-0001--For local assistance, Department of Water Resources, I reduce this item from \$22,586,000 to \$21,991,000 by reducing:

(4) 97.20.004-Local Projects from \$1,550,000 to \$955,000 by reducing subschedules:

- (b) State Reclamation Board: Success Reservoir Enlargement Project from (\$550,000) to (\$335,000);
- (c) City of Fremont: Dredging Lake Elizabeth from (\$400,000) to (\$120,000);

and by deleting subschedule:

- (d) Butte County: Rock Creek/Keffer Slough (\$100,000).

I am deleting the \$865,000 legislative augmentation. This action is essential due to fiscal constraints and limited resources in the General Fund. Furthermore, of the amount being sustained for these projects, funding shall be approved on a one-time basis.

Item 3900-101-0001--For local assistance, State Air Resources Board. I reduce this item from \$200,000 to \$75,000 by reducing:

(1) Local projects from \$200,000 to \$75,000 by reducing the following subschedule:

- (a) Montebello Unified School District: CNG Buses from (\$150,000) to (\$75,000);

and by deleting the following subschedule:

- (b) City of San Clemente: Electric vehicle-San Clemente (\$50,000).

I am deleting the \$125,000 legislative augmentation. This action is essential due to fiscal constraints and limited resources in the General Fund. The \$75,000 in subschedule (a) is being sustained on a one-time basis.

Item 3910-001-0226--For support of California Integrated Waste Management Board. I revise this item.

I am reducing the legislative augmentation of 19.0 positions by 10.0 positions. I am sustaining the remaining 9.0 positions to address the Waste and Used Tire program workload, and sustaining full funding for this program to provide sufficient resources for contractual services.

Item 3910-001-0386--For support of California Integrated Waste Management Board. I reduce this item from \$939,000 to \$439,000.

I am deleting the \$500,000 legislative augmentation for grants to local government to reduce or eliminate trash in the Los Angeles River Watershed. While I am supportive of environmental improvement projects, this project is not of sufficiently high priority to justify funding over other meritorious projects. Proponents of this project have the option to apply for a competitive grant from the Solid Waste Disposal and Codisposal Cleanup Program.

Item 3910-001-0387--For Support of California Integrated Waste Management Board. I revise this item by reducing:

- (1) 11-Waste Reduction and Management from \$77,653,000 to \$77,153,000, and
- (12) Amount payable from Solid Waste Disposal Site Cleanup Trust Fund (Item 3910-001-0386) from -\$939,000 to -\$439,000.

I am revising this item to conform to the action I have taken in Item 3910-001-0386.

Item 3940-001-0001--For support of State Water Resources Control Board. I reduce this item from \$108,796,000 to \$108,659,000 by reducing:

- (1) 10-Water Quality from \$401,839,000 to \$401,702,000.

I am deleting the \$137,000 augmentation for administration of clean beach and research projects. I am reducing this item to conform to the action I have taken in Item 3940-101-0001.

Item 3940-101-0001--For local assistance, State Water Resources Control Board. I reduce this item from \$3,066,000 to \$1,503,000 by reducing:

- (1) 10-Water Quality from \$242,763,000 to \$237,869,000;
- (1.5) 97.20.004-Local Projects from \$203,000 to \$3,000 by deleting the following subschedules;
 - (a) Upper San Gabriel Valley Municipal Water District: Watershed Restoration Program (\$150,000);
 - (c) City of San Juan Capistrano: Water Quality Program (\$50,000);
- (8) Amount payable from the Coastal Nonpoint Source Control Subaccount (Item 3940-101-6022) from -\$65,000,000 to -\$61,469,000;

and by revising Provision 1.

I am deleting \$1,363,000 of the augmentation for clean beach research projects to protect vital existing programs. California is heading into a difficult year with its softening economy and substantial revenue decreases. Consequently, the General Fund expenditures in this Budget are down 1.7 percent over the prior year. However, in recognition of the critical need to reduce the number of beach closures due to viral and bacterial contamination, I am sustaining \$32,298,000 of the Coastal Nonpoint Source Account funding in Item 3940-101-6022 for various clean beach projects.

I am revising Schedule (8) to conform to the action I have taken in Item 3940-101-6022.

I am also revising Provision 1 to conform to this action.

- "1. A total of ~~\$38,000,000~~ (~~\$3,000,000~~ ~~appropriated in this item~~ and ~~\$33,798,000~~ ~~(\$1,500,000 appropriated in this item and \$32,298,000 appropriated in~~ Item 3940-101-6022) shall be used for clean beach and research projects in accordance with the following schedule:
- (a) County of Los Angeles: Mothers' Beach, Marina Del Rey (2,000,000)
 - (b) City of Malibu: Surfrider, Malibu Lagoon (2,000,000)
 - (c) City of Calabasas: Malibu Creek (385,000)
 - ~~(d) Las Virgenes Municipal Water District: Malibu Creek (742,000)~~
 - (e) City of Long Beach: Los Angeles River (500,000)
 - (f) City of Long Beach: Colorado Lagoon (500,000)
 - (g) City of Los Angeles: Cabrillo Beach (1,250,000)
 - (h) City of Santa Monica: Santa Monica Pier (350,000)
 - (i) City of Redondo Beach: Redondo Beach Pier (350,000)
 - (j) City of Los Angeles: Temescal Canyon (800,000)
 - (k) City of Manhattan Beach: Manhattan Beach (200,000)
 - (l) City of Los Angeles: Santa Monica Canyon (1,020,000)
 - (m) City of Los Angeles: Imperial Beach (810,000)
 - (n) City of Malibu/County of Los Angeles: Surfrider, Malibu Lagoon (794,000)
 - (o) City of Avalon: Avalon Beach (500,000)
 - (p) County of Ventura: Kiddie and Hobie Beach (1,500,000)
 - (q) County of Santa Barbara: Rincon Beach (500,000)
 - (r) County of Santa Barbara or City of Santa Barbara or California Department of Parks and Recreation: Arroyo Burro et al. (2,000,000)
 - (s) County of Orange: Dana Point Harbor Baby Beaches (750,000)
 - (t) City of Laguna Beach and Aliso Water Management District: Aliso Beach (500,000)
 - (u) County of Orange or City of Dana Point: Doheny State Beach (750,000)
 - (v) County of Orange or City of Newport Beach: Newport Bay (500,000)
 - (w) County of Orange: Dana Point-Poche Creek (500,000)
 - (x) County of Orange: Huntington State Beach-Santa Ana River ~~(2,039,000)~~ (1,000,000)
 - ~~(y) County of Orange: Huntington Harbor (750,000)~~
 - (z) City of Encinitas: Moonlight Beach (814,000)
 - (aa) City of San Diego: Mission Bay (3,000,000)
 - (ab) County of San Diego or City of Imperial Beach: Imperial Beach (1,500,000)
 - (ac) County of San Diego and City of Coronado: Coronado Beach (1,000,000)
 - (ad) County of San Diego or City of San Diego: Ocean Beach (1,500,000)
 - ~~(ae) County of San Diego or City of San Diego: Chollas Creek (1,000,000)~~
 - (af) County of Santa Cruz: Seabright Beach (325,000)

- (ag) City of Santa Cruz or County of Santa Cruz: Main and Cowell Beach (150,000)
- (ah) City of Capitola or County of Santa Cruz: Capitola Beach (100,000)
- (ai) City of Santa Cruz or County of Santa Cruz: Main and Seabright Beach (1,000,000)
- (aj) County of Sonoma: Bodega Bay-Campbell Cove (500,000)
- (ak) County of San Mateo: Pillarcitos and Gazos (250,000)
- (al) County of San Mateo: Pacifica State Beach (500,000)
- (am) County of San Luis Obispo or City of Pismo Beach: Pismo State Beach (1,200,000)
- (an) County of Monterey or City of Pacific Grove: Lover's Point (500,000)
- (ao) County of Monterey: Still Water Cove (500,000)
- (ap) Develop rapid indicators ~~(2,000,000)~~ (1,500,000)
- ~~(aq) Source Identification Methodology (1,000,000)~~

This action is essential due to fiscal constraints and limited resources in the General Fund.

The \$3,000 legislative augmentation for the Novato Sanitary District: Novato Heights Sewer Project Revenue Study is being sustained on a one-time basis.

Item 3940-101-6022--For local assistance, State Water Resources Control Board. I reduce this item from \$65,000,000 to \$61,649,000.

I am deleting \$3,531,000 for various clean beach projects that are not of sufficiently high priority to fund at this time. The action taken in this item conforms to the action I have taken in Item 3940-101-0001.

Item 3960-101-0001--For local assistance, Department of Toxic Substances Control. I delete this item.

I am deleting the \$50,000 legislative augmentation for the North Fork Community Development Council for the North Fork Mill Site PCP Contamination Clean-up. This action is essential due to fiscal constraints and limited resources in the General Fund.

Item 4120-101-0001--For local assistance, Emergency Medical Services Authority. I sustain this item.

I am sustaining the \$25,000,000 legislative augmentation for trauma care centers and the \$5,000,000 augmentation for trauma care system planning on a one-time only basis. The Healthy Families and Medi-Cal program and funding expansions continued in this Budget will provide health coverage for approximately 1.1 million formerly uninsured Californians. Funding included in the Budget for those previously uninsured, in addition to the base funding for millions of our residents, should decrease the number of uninsured patients served in trauma centers, and, as a result, reduce the need for State funding in the future.

Item 4130-001-0632--For support of California Health and Human Services Agency Data Center. I reduce this item from \$307,811,000 to \$304,585,000 by reducing:

- (2) 30-Systems Management Services from \$165,422,000 to \$162,196,000.

I am reducing this item by \$3,226,000 to conform with actions taken in Item 5180-141-0001.

Item 4140-101-0001--For local assistance, Office of Statewide Health Planning and Development. I revise this item by deleting Provision 2.

I am deleting Provision 2, which would require the Office of Statewide Health Planning and Development to encourage multi-year Rural Health Capital Grants applications. The Office is currently able to award multi-year Rural Health Capital Grants, subject to the appropriation of funds. While a multi-year process may streamline the grant award and payment process, it could result in all funds being committed before new applicants have the opportunity to compete for funding. Additionally, should funding for this program be reduced in the future, out-year commitments may not be able to be met.

Item 4140-111-0236--For local assistance, Office of Statewide Health Planning and Development. I revise this item by deleting Provision 1.

I am deleting Provision 1, which would require the Office of Statewide Health Planning and Development to encourage multi-year Rural Health Services Small Grants applications. The Office is currently able to award multi-year Rural Health Services Small Grants, subject to the appropriation of funds. While a multi-year process may streamline the grant award and payment process, it could result in all funds being committed before new applicants have the opportunity to compete for funding. Additionally, should funding for this program be reduced in the future, out-year commitments may not be able to be met.

Item 4170-001-0001--For support of Department of Aging. I revise this item by deleting Provision 2.

Provision 2 would require that the augmented funds provided for the Multipurpose Senior Services Program (MSSP) be used to increase base funding for current client program slots. The deletion of Provision 2 conforms to the elimination of a \$1.5 million (\$750,000 General Fund) legislative augmentation in the Department of Health Services local assistance budget. The funding for the MSSP local assistance has increased by 55.8 percent under my Administration, including a 17 percent increase provided in this Budget in the Medi-Cal program. I believe that the Budget provides sufficient funding for the program to cover service costs to the most impaired seniors on a priority basis; therefore, I am deleting the provisional language and the related base funding increase at this time.

Item 4170-101-0001--For local assistance, Department of Aging. I reduce this item from 38,848,000 to \$36,075,000 by reducing:

- (4) 40-Special Projects from \$25,607,000 to \$23,540,000, and
- (4.5) 97.20.004-Local Projects from \$2,551,000 to \$1,845,000 by reducing the following subschedules:
 - (b) Acacia Adult Day Services Garden Grove: Building renovation from (\$170,000) to (\$75,000);
 - (c) City of Chino: Senior citizens' expansion project from (\$75,000) to (\$65,000);
 - (d) City of Culver City: Culver City Senior Center from (\$450,000) to (\$350,000);
 - (e) City of Montclair: Senior Center from (\$90,000) to (\$80,000);
 - (f) City of Rancho Cucamonga: New Senior Center from (\$75,000) to (\$65,000);

- (g) Filipino-American Senior Opportunities Development Council, Inc.: Provide furniture and equipment for the Northside Community Center from (\$100,000) to (\$75,000);
- (h) City of Bellflower: Equipment and rehabilitation for Senior Services at Simms Park from (\$25,000) to (\$20,000);
- (i) George and Marta Brown Foundation: Equipment for the George and Marta Brown Foundation's Brown Center for Innovation-Senior computer lab from (\$43,000) to (\$30,000);
- (j) City of Rialto, Department of Parks and Recreation: Rialto Senior Center furnishings from (\$100,000) to (\$60,000);
- (l) City of Chino: Senior Citizens' Center expansion from (\$150,000) to (\$125,000);
- (m) City of Culver City: Construction of the Culver City Senior Center from (\$800,000) to (\$600,000);
- (q) Filipino American Association of the USA (FAAUSA): Adult day care center for Filipino World War II veterans from (\$100,000) to (\$25,000);

and by deleting the following subschedules:

- (n) Sierra Foothill Senior Management: Meals on Wheels waiting list elimination (\$38,000);
- (o) Lutheran Social Services of Southern California: Caring Neighbors program (\$30,000);
- (p) Camarillo Health Care District: Elements Affecting Senior Independence program (\$30,000);

and by deleting Provision 6.

I am deleting \$98,000 and reducing \$608,000 from the indicated legislative augmentations for local projects. These reductions are needed due to fiscal constraints and limited resources in the General Fund. The funding for the projects which I am sustaining is being included on a one-time basis.

I am deleting the legislative augmentation of \$600,000 General Fund for the Linkages program, which was intended to provide a per-client rate increase, and reducing the Community-Based Services Programs by an additional \$1,000,000 due to the need to maintain a prudent reserve for economic uncertainties. The Budget retains \$24.9 million for Community-Based Services Programs, which includes \$8.7 million for the Linkages program. Given better economic times during the first two years of my Administration, we were able to provide \$12.4 (\$8.9 million General Fund) to expand services for seniors in 1999-2000 and \$332.4 million (\$187.3 million General Fund) specifically for community programs for seniors in 2000-01. California is heading into a difficult year with its softening economy and substantial revenue decreases.

Consequently, the General Fund expenditures in this Budget are down 1.7 percent over the prior year. I am open to considering funding for these worthy programs in the future when the economy improves.

I am also deleting the legislative augmentation of \$467,000 General Fund for one-time grants for start-up costs at new Adult Day Care (ADC) and Adult Day Support (ADS) centers. Historically, the State has not provided start-up grants for these centers. Due to limited General Fund resources, it is inappropriate for the State to initiate funding for a new program. The Budget includes local assistance funding of \$177.5 million (\$86.3 million General Fund) for Adult Day Health Care and \$4.7 million (\$4.3 million General Fund) for Alzheimer's Day Care

Resource Centers, which provide a range of similar health, therapeutic, and social services. In addition, a new federal program, the National Family Caregiver Support Program, will be initiated in 2001-02 to provide a continuum of caregiver support services similar to those offered at ADC and ADS centers.

I am deleting Provision 6 to conform to this action.

Item 4170-102-0001--For local assistance, Department of Aging. I sustain this item.

I am sustaining the \$1,500,000 legislative augmentation for the City of Elk Grove for the Elk Grove Senior Center on a one-time only basis.

Item 4180-401--Commission on Aging. I delete this item.

I delete this item because this language requires the Commission on Aging to report on its financial requirements to operate the Commission, the Area Agencies on Aging Advisory Council of California, and the California Senior Legislature. This activity is more properly conducted as part of the Administration's normal budget development process.

Item 4200-001-0001--For support of Department of Alcohol and Drug Programs. I reduce this item from \$5,267,000 to \$5,091,000 by reducing:

- (1) 15-Alcohol and Other Drug Services Program from \$34,004,000 to \$33,652,000, and
- (4) Reimbursements from -\$4,115,000 to -\$3,939,000.

I am reducing \$352,000 (\$176,000 General Fund and \$176,000 reimbursements) and four new Drug Medi-Cal program auditor positions originally included in my proposed 2001-02 Budget. The May Revision of the Budget proposed the elimination of these positions and associated funding. The Legislature rejected that reduction. The Budget retains ten positions for Drug Medi-Cal audits. In addition, the department can seek assistance by directing suspected fraud to the Department of Health Services, which added 192 positions in 2000-01 for Medi-Cal fraud investigation. This reduction is necessary to provide for a prudent General Fund reserve for economic uncertainties.

Item 4200-001-3019--For support of Department of Alcohol and Drug Programs. I revise this item by deleting Provision 4.

I am deleting Provision 4, which would require the Department of Alcohol and Drug Programs to provide a written summary, by April 2002, of the implementation of the Substance Abuse and Crime Prevention Act of 2000 (Proposition 36). This provision specifies the information to be included in the summary. Because the programs authorized under Proposition 36 commenced July 1, 2001, it is unlikely that sufficient data would be available in time to result in a meaningful report by April 2002. Proposition 36 requires an annual report to be prepared. I am directing the Department to include in its report, to the extent that data are available, the information requested by the Legislature pursuant to this provision. Additionally, I am directing the Department to provide copies of the annual report to the appropriate fiscal committees of the Legislature.

Item 4200-101-0001--For local assistance, Department of Alcohol and Drug Programs. I reduce this item from \$49,240,000 to \$40,380,000:

(1) 15-Alcohol and Other Drug Services programs from \$366,820,000 to \$358,120,000;

(1.5) 97.20.004-Local Projects from \$862,000 to \$702,000;

and by revising Provision 4.

I am deleting \$5,700,000 for youth treatment programs. I proposed this reduction as part of the May Revision of the Budget. The Legislature rejected that reduction, restoring the funding. Given the significant commitment of General Fund for Proposition 36, I am reducing this program, consistent with my May Revision. California is heading into a difficult year with its softening economy and substantial revenue decreases. Consequently, the General Fund expenditures in this Budget are down 1.7 percent over the prior year. The Budget contains over \$635 million in state and federal funds for local drug and alcohol treatment programs, including approximately \$35 million specifically for youth treatment and prevention services.

I am deleting \$3,000,000 from the Drug Court programs. I proposed this reduction as part of the May Revision of the Budget. The Legislature rejected that reduction, restoring the funding. This reduction is necessary due to fiscal constraints and limited resources in the General Fund. The Budget continues \$14.1 million for drug court treatment and \$900,000 for court administrative costs. The Budget also includes \$16 million (\$7.8 million General Fund) in new Drug Medi-Cal funding and \$11.2 million in new local assistance federal block grant funding.

I am revising Provision 4 containing certain legislative augmentations for local projects. This action is necessary due to fiscal constraints and limited resources in the General Fund.

- “4. Of the funds appropriated in this item, ~~\$862,000~~ \$702,000 shall be for the following projects:
- (a) Marin Services for Women: Drug and Alcohol Program (250,000)
 - (b) Pico Union Westlake Cluster Network: Drug Free Community Program (125,000)
 - (c) Montebello East Los Angeles Counseling Center ~~(300,000)~~ (243,000)
 - ~~(d) Walden House Incorporated: Walden House Conference Report (100,000)~~
 - (e) Wolfe Center: Renovation and Repairs of Wolfe Center ~~(50,000)~~ (47,000)
 - (f) King of Kings: Recovery Unit (37,000)

I am sustaining the remaining augmentations on a one-time basis.

Item 4200-104-0001--For local assistance, Department of Alcohol and Drug Programs. I reduce this item from \$26,957,000 to \$25,957,000 by reducing:

(1) 15-Alcohol and Other Drug Services Program from \$26,957,000 to \$25,957,000.

I am reducing the state-funded perinatal program by \$1,000,000, while maintaining over \$25.9 million in General Fund support for this effort. California is heading into a difficult year with its softening economy and substantial revenue decreases. Consequently, the General Fund expenditures in this Budget are down 1.7 percent over the prior year. I take this action as a matter of consistency because the discretionary programs for nearly all State departments funded from the General Fund have been reduced similarly. I note that another substance abuse perinatal program, the Perinatal Drug Medi-Cal program, is increasing by over \$1.8 million, to a total of \$5.3 million (\$2.6 million General Fund).

Item 4260-001-0001--For support of Department of Health Services. I reduce this item from \$233,690,000 to \$231,260,000 by reducing:

- (1) 10-Public and Environmental Health from \$367,483,000 to \$367,233,000;
- (2) 20-Health Care Services from \$436,573,000 to \$435,573,000;
- (4.6) 97.20.004-Local Projects from \$3,803,000 to \$2,123,000;
- (5) Reimbursements from -\$29,694,500 to -\$29,694,000; and
- (41) Amount payable from the Federal Trust Fund (Item 4260-001-0890) from -\$306,470,500 to -\$305,894,000;

and by deleting Provision 9 and revising Provision 10.

I am deleting one position added by the Legislature for the Department of Health Services to provide assistance to the County Medical Services Program (CMSP) in negotiating rebate contracts with drug manufacturers. This position would be responsible for negotiating contracts and securing rebates from drug manufacturers on behalf of the CMSP. This legislative increase in state staff conflicts with my continuing effort to control the growth of state government. Given the department's vacancy level, I am instructing that existing resources be redirected to fulfill the Legislature's requirements. However, I am retaining the funding that will allow the CMSP to reimburse the department for these services.

I am deleting the \$500,000 that was included in my proposed Budget for pilot projects to expand community options for long-term care. The Legislature redirected \$100,000 of this proposal to expand the Program of All-Inclusive Care for the Elderly. I am deleting the entire amount as a matter of consistency because the discretionary programs for nearly all State departments funded from the General Fund have been reduced similarly. California is heading into a difficult year with its softening economy and substantial revenue decreases. Consequently, the General Fund expenditures in this Budget are down 1.7 percent over the prior year. In addition, I am deleting \$500,000 from the Federal Trust Fund, Item 4260-001-0890, to conform to this action.

In order to correct a technical error in Schedule (41) and Schedule (5) Reimbursements of this item, I am reducing Schedule (41) by an additional \$76,500, and Schedule (5) Reimbursements by \$500. This technical veto will conform the Budget Act to the action taken by the Legislature.

I am deleting the \$250,000 legislative augmentation to conduct public health assessments. These capabilities already exist among local public health departments, and the Budget includes \$1 million General Fund for a nonspecific local public health subvention, some of which could be directed to this activity. This reduction is also necessary to establish a prudent General Fund reserve for economic uncertainties. I am also deleting Provision 9 to conform to this action.

I am revising Provision 10 containing certain legislative augmentations for local projects. This action is necessary due to fiscal constraints and limited resources in the General Fund. I am sustaining the remaining augmentations on a one-time basis.

"10. Of the funds appropriated in this item, ~~\$3,803,000~~ \$2,123,000 shall be for the following projects:

- (a) City of Avalon: Genetic Testing in Avalon Bay pursuant to requirements of AB 411 (1997) (150,000)
- (b) City of Santa Rosa: Cloverdale Street Plume Project to Shut Down Contaminated Wells and Construct New Wells ~~(350,000)~~ (150,000)
- (c) Mexican American Alcoholism Program, Inc.: Start up for Community Health Center in South Sacramento ~~(550,000)~~ (150,000)
- (d) Napa Valley Vintners Health Center: Community Health Center Construction ~~(250,000)~~ (200,000)
- (e) San Diego Children's Hospital: Regional Emergency Care Center (1,000,000)
- (f) Westside Women's Health Center (8,000)
- (g) VIDA: Local Health Program ~~(750,000)~~ (100,000)
- (h) City of Long Beach: Multi-Cultural Health Center ~~(45,000)~~ (20,000)
- (i) Santa Barbara Junior League: Clinic on Wheels ~~(200,000)~~ (195,000)
- (j) Horizon Foundation: Public Health Study on Anti-Gay Campaign (100,000)
- (k) Minority AIDS Project in Los Angeles ~~(400,000)~~ (50,000)"

Item 4260-001-0890--For support of Department of Health Services. I reduce this item from \$306,394,500 to \$305,894,000.

I am reducing this item by \$500,500 to conform with actions taken in Item 4260-001-0001, which includes a technical veto to correct an error in the Budget Act.

Item 4260-003-0942--For support of Department of Health Services. I revise this item by deleting Provision 1.

I am deleting Provision 1, which would allow the Department of Health Services to spend up to \$2,000,000 from the Federal Citation Penalties Account for awards to specific nursing facilities. These awards would be passed on to direct caregivers in the form of bonuses. This deletion will permit applicability of Health and Safety Code Section 1417.4, which establishes the Quality Awards Program for nursing homes. This statute allows monetary awards from the General Fund to be used for staff bonuses and monetary awards from the Federal Citation Penalties Account to be used for innovative grants to improve the quality of care and quality of life for residents in skilled nursing facilities. The Budget Bill incorrectly identifies both the General Fund and the Federal Citation Penalties Account as sources for staff bonuses, with no mention of innovative grants to improve the quality of care and quality of life for residents in skilled nursing facilities. The deletion of this provision will leave only Health and Safety Code Section 1417.4 with authority over the Federal Citation Penalties Account, allowing the Department to use funds from this account in the manner intended by statute.

Item 4260-101-0001--For local assistance, Department of Health Services. I reduce this item from \$9,548,027,000 to \$9,546,027,000 by reducing:

- (3) 20.10.030-Benefits (Medical Care and Services) from \$22,826,757,000 to \$22,822,757,000; and
- (5) Amount payable from the Federal Trust Fund (Item 4260-101-0890) from -\$14,802,896,000 to -\$14,800,896,000;

and by deleting Provisions 12, 13 and 14.

I am deleting the \$250,000 legislative augmentation for the Department of Health Services (DHS) to conduct an oral health needs assessment of children. This is a potentially duplicative effort funded from limited General Fund resources. If the assessment is deemed to be of sufficient priority, private foundation funding should be sought, as was done to conduct the prior study. In addition, I am deleting \$250,000 from the Federal Trust Fund, Item 4260-101-0890, and deleting Provision 12, to conform to this action.

I am deleting Provision 13, which would require DHS to study methods for developing alternative rate-setting methodologies for distinct-part nursing facilities and report to the Legislature by April 1, 2002. By statute, the Department is currently required to submit a report to the Legislature regarding alternative long-term care reimbursement methodology. This report includes distinct-part nursing facilities. Therefore, I am deleting this provision as such a report is already statutorily required.

I am deleting the \$1,000,000 legislative augmentation to increase supplemental outpatient rates paid to small and rural hospitals. Supplemental outpatient rates were recently doubled for these small and rural hospitals in the Budget Act of 2000, from \$4 million to \$8 million (\$4 million General Fund). Additionally, as part of the proposed Orthopaedic Hospital Settlement, Medi-Cal will pay hospitals a lump-sum payment of \$350 million (\$175 million General Fund) in 2001-02, and beginning July 1, 2001, increase hospital outpatient rates by 30 percent as well as provide annual increases of 3.33 percent effective July 1 in each of the three subsequent years. In addition, I am deleting \$1,000,000 from the Federal Trust Fund, Item 4260-101-0890, to conform to this action.

I am deleting the \$750,000 legislative augmentation to conform to the action taken in Item 4170-001-0001 regarding the Multipurpose Senior Services Program in the Department of Aging. In addition, I am deleting \$750,000 from the Federal Trust Fund, Item 4260-101-0890, to conform to this action.

I am deleting Provision 14 which would require that up to \$5 million General Fund be transferred from other Medi-Cal program areas to Medi-Cal Outreach for Children should \$5 million in Proposition 10 funding be unavailable for this program. This language potentially would create a \$5 million General Fund deficiency in the Medi-Cal program. Absent the Proposition 10 funding and matching federal funding, the outreach budget would increase by approximately \$5.3 million from the 2000-01 level, to \$39.6 million. I am directing DHS to continue to work with the Children and Families Commission to secure Proposition 10 funding for our outreach to children effort. However, if the funding is unavailable, the Department should continue to provide application assistance and related fees, and school-based outreach pursuant to the funding levels in the May Revision of the Governor's Budget and make needed reductions from other areas of the education and outreach budget.

Item 4260-101-0890--For local assistance, Department of Health Services. I reduce this item from \$14,802,896,000 to \$14,800,896,000:

I am reducing this item by \$2,000,000 to conform to the action I have taken in Item 4260-101-001.

Item 4260-111-0001--For local assistance, Department of Health Services. I reduce this item from \$438,606,000 to \$410,862,000 by reducing:

(4) 10.30.030-Childhood Lead Poisoning Prevention from \$10,500,000 to \$8,500,000;

- (6) 10.30.050-Communicable Disease Control from \$66,604,000 to \$65,704,000;
- (7) 10.30.060-AIDS from \$262,187,000 to \$258,187,000;
- (8) 20.30-County Health Services from \$110,020,100 to \$108,020,100;
- (9) 20.40-Primary Care and Family Health from \$1,526,327,800 to \$1,502,413,800;
- (12) Amount payable from the Childhood Lead Poisoning Prevention Fund (Item 4260-111-0080) from -\$14,000,000 to -\$12,000,000; and
- (20) Amount payable from the Federal Trust Fund (Item 4260-111-0890) from -\$1,029,448,000 to -\$1,026,378,000.

I am reducing this item by \$2,000,000 for the Local Public Health Subvention. I originally proposed this reduction as part of the May Revision of the Budget. The Legislature rejected that proposal. For 2001-02, local realignment health account funds are estimated to be \$1.5 billion, an increase of \$48.7 million. In addition, the Master Tobacco Settlement will provide local governments in California an additional \$475 million. These funds may be used for any public health purpose deemed a local priority.

I am reducing this item by \$5,000,000 for media activities related to teen pregnancy prevention and other family planning programs. The 2001-02 Budget provides \$104.3 million for various family planning programs and activities. Although I am supportive of family planning programs, this action is necessary due to fiscal constraints and limited resources in the General Fund. I take this action as a matter of consistency because the discretionary budgets for nearly all State departments funded from the General Fund have been reduced similarly.

I am deleting the \$6,700,000 legislative augmentation to update the Child Health and Disability Prevention Program (CHDP) Periodicity Schedule to reflect American Academy of Pediatrics standards. The Department of Health Services (DHS) reviews the appropriateness of care provided in CHDP, within programmatic and fiscal constraints. Due to fiscal constraints and limited General Fund resources, I cannot support this augmentation. I am also deleting the \$1,900,000 legislative augmentation from the Federal Trust Fund in Item 4260-111-0890 to conform with this action.

I am deleting the \$2,000,000 legislative augmentation for the Rural Health Services Program that would provide a minimum \$75,000 per-clinic award, the \$2,000,000 legislative augmentation for the Seasonal Agricultural and Migrant Workers Clinic Program, and the \$2,000,000 legislative augmentation for the American Indian Health Program. Given the recent slowing of economic growth, it is not fiscally prudent to expand health care funding for these programs at this time. However, I am retaining the \$10 million augmentation for the Expanded Access to Primary Care (EAPC) Clinic Program. This umbrella program provides funding for and increased access to all clinics that provide primary care. Moreover, local realignment funds are estimated to be \$1.5 billion in 2001-02, an increase of approximately \$45 million. Further, the Master Tobacco Settlement will provide local governments in California an additional \$475 million. These funds may be used for any public health purpose deemed a local priority. Finally, expanded Medi-Cal and Healthy Families programs will provide improved access to care and should mitigate the need for increased clinic funding.

I am deleting the \$500,000 legislative augmentation for the Women, Infants and Children (WIC) Farmer's Market Program. Chapter 294, Statutes of 1997, shifted authority for the program from the California Department of Food and Agriculture to DHS to enable continuation of the service without General Fund expense. Furthermore, nutritional services (including fresh fruits and vegetables, in some instances) are currently available through other federal and State food and nutrition programs whose combined expenditures are approximately \$4 billion annually. This augmentation would represent the first augmentation of General Fund for this purpose, which I cannot support due to limited General Fund resources. I am also deleting the \$1,170,000 legislative augmentation from the Federal Trust Fund in Item 4260-111-0890 to conform with this action.

I am deleting the \$2,000,000 legislative augmentation for the Childhood Lead Poisoning Prevention Program. The program is currently operating with an annual funding imbalance of approximately \$5.3 million. If revenue and expenditure levels remain unchanged, the Special Fund reserve will be depleted during 2002-03. This augmentation would therefore hasten fund exhaustion. I am directing DHS to submit a proposal for the 2002-03 Budget to operate this program within available resources. The Budget currently provides \$8.5 million Childhood Lead Poisoning Prevention Fund to local health departments for lead enforcement and control. I am also deleting the \$2,000,000 legislative augmentation in Item 4260-111-0080 to conform with this action.

I am sustaining the \$500,000 legislative augmentation for the Padres Contra El Cancer Program on a one-time basis. In future years if this is deemed to be a local priority, local realignment funds or the local share of Tobacco Settlement funds may be used for this purpose.

I am reducing this Item by \$4,000,000 for HIV/AIDS Education and Prevention activities. While I recognize the importance of these activities in reducing the spread of the disease; however, California is heading into a difficult year with its softening economy and substantial revenue decreases. Consequently, the General Fund expenditures in this Budget are down 1.7 percent over the prior year. The Budget maintains \$61 million General Fund for HIV/AIDS education, prevention, outreach, and direct services. I am sustaining a \$15.3 million legislative augmentation for the AIDS Drug Assistance Program (ADAP) to fund drug price increases and increased caseload in this important program, bringing total funding for the ADAP to \$162.9 million, including \$59.9 million General Fund.

I am reducing this Item by \$400,000 for Tuberculosis Treatment Services. The Budget provides \$7.6 million General Fund for counties to perform non-treatment based tuberculosis control activities, such as outreach, education, investigation, and outbreak control. Moneys can also be made available for these activities from local realignment funds and local Master Tobacco Settlement funds which may be used for any public health purpose deemed a local priority. This reduction is necessary to build a prudent General Fund reserve for economic uncertainties.

I am reducing this Item by \$500,000 for Pediatric Immunizations. The Budget provides \$16.5 million General Fund for counties to administer and obtain vaccines. Counties can also perform these services pursuant to their statutory indigent care requirements in conjunction with the federal Vaccines For Children Program, which annually makes available millions of federally-funded vaccines for use in California's public health programs. Further, local realignment funds and the Master Tobacco Settlement funds may be used for any public health purpose deemed a local priority. This reduction is necessary to build a prudent General Fund reserve for economic uncertainties.

I am reducing this item by \$2,644,000 for the County Maternal and Child Health Services allocation. The Budget continues to provide \$66.1 million for activities directed to Maternal and Child Health programs. Further, local realignment funds and the Master Tobacco Settlement funds may be used for any public health purpose deemed a local priority. This reduction is necessary to build a prudent General Fund reserve for economic uncertainties. I take this action as a matter of consistency because the discretionary budget for nearly all State departments funded from the General Fund have been reduced similarly.

Item 4260-111-0080--For local assistance, Department of Health Services. I reduce this item from \$14,000,000 to \$12,000,000.

I am reducing this item by \$2,000,000 to conform with the actions taken in Item 4260-111-0001.

Item 4260-111-0890--For local assistance, Department of Health Services. I reduce this item from \$1,029,448,000 to \$1,026,378,000.

I am reducing this item by \$3,070,000 to conform to the actions taken in Item 4260-111-0001.

Item 4260-113-0001--For local assistance, Department of Health Services. I reduce this item from \$23,836,000 to \$23,496,000 by reducing:

- (3) 20.10.030-Benefits (Medical Care and Services) from \$36,470,000 to \$35,490,000, and
- (4) Amount payable from the Federal Trust Fund (Item 4260-113-0890) from -\$72,038,000 to -\$71,398,000

I am deleting the \$340,000 General Fund legislative augmentation for the Department of Health Services to conduct a Rural Health Demonstration Project for special populations. The Budget contains \$9 million for the Managed Risk Medical Insurance Board to conduct Rural Health Demonstration Projects. Due to fiscal constraints and limited General Fund resources, I cannot support an expansion of the Project at this time. I am also deleting \$640,000 from the Federal Trust Fund, Item 4260-113-0890 to conform to this action.

Item 4260-113-0890--For local assistance, Department of Health Services. I reduce this item from \$72,038,000 to \$71,398,000.

I am reducing this item by \$640,000 to conform to the action I have taken in Item 4260-113-0001.

Item 4280-101-0001--For local assistance, Managed Risk Medical Insurance Board. I reduce this item from \$122,536,000 to \$120,536,000 by reducing:

- (2) 40-Healthy Families Program from \$604,140,000 to \$598,240,000;
- (3) Amount payable from the Federal Trust Fund (Item 4280-101-0890) from -\$375,855,000 to -\$371,955,000;

and by deleting Provisions 1 and 3.

I am deleting the legislative augmentation of \$2,000,000 General Fund for the Healthy Families Program (HFP) to implement Rural Health Demonstration Projects. The HFP already

administers Rural Health Demonstration Projects, and the Budget includes \$9 million (\$3 million General Fund) for this purpose. I cannot support this legislative augmentation because of fiscal constraints and limited General Fund resources. In addition, I am deleting \$3,900,000 from the Federal Trust Fund, Item 4280-101-0890 to conform to this action.

I am deleting Provision 1 which would change the Administration's commitment to fully fund the HFP from all enrolled "children" to "families". While the 2001-02 Budget fully funds the proposed HFP parental expansion, this capped program is not intended to be an entitlement. Funding of the provision would involve a significant commitment of state funds at a time when state resources are limited. The Administration's commitment in the HFP is to ensure coverage for all eligible children and expand the program to parents as state and federal resources permit and as allowed by the federal government.

I am sustaining the \$5,000,000 legislative augmentation for the Major Risk Medical Insurance Program (MRMIP). However, I am deleting Provision 3 because it targets the additional resources solely towards enrollment in the program rather than making it available for the MRMIP enrollment and/or other private/public sector market-based efforts to improve access to health insurance for medically uninsurable persons. My Administration will continue to work with the Legislature and the insurance industry to further develop and implement such market-based efforts.

Item 4280-101-0890--For local assistance, Managed Risk Medical Insurance Board. I reduce this item from \$375,855,000 to \$371,955,000.

I am reducing this item by \$3,900,000 to conform to the action I have taken in Item 4280-101-0001.

Item 4300-003-0001--For support of Department of Developmental Services. I revise this item by deleting Provision 9.

I am deleting Provision 9 because this language is contrary to federal and state regulations. This provision would require the Department of Developmental Services to develop, by November 1, 2001, a visual method of readily identifying developmentally disabled individuals placed, pursuant to the California Penal Code, within the secured perimeter at Porterville Developmental Center (Porterville) and to implement the identification method by January 1, 2002.

Although I am vetoing this provision, I am sensitive to the safety and security needs of the local community surrounding Porterville. During my Administration, I have included funding to increase the number of police and security officers ten-fold; construct two 16-foot fences around the area in which the behavioral/forensic consumers reside and observation towers to allow the whole area to be under visual control; construct a Sally Port through which all visitors must be screened; institute electronic locking and alarm systems; and establish a comprehensive set of policies and procedures relating to security and staff training. Implementing a visual identification method, which may include uniforms, would likely result in litigation and/or loss of federal funding. Loss of federal funding for these individuals in Porterville would result in new, multi-million dollar General Fund costs.

Item 4300-101-0001--For local assistance, Department of Developmental Services. I reduce this item from \$1,514,845,000 to \$1,508,194,000 by reducing:

- (2) 10.10.020-Purchase of Services from \$1,660,248,000 to \$1,653,352,000; and
- (6) Reimbursements from -\$512,476,000 to -\$512,231,000.

I am deleting the legislative augmentation of \$2,600,000 (\$2,355,000 General Fund and \$245,000 reimbursements) for rate increases for in-home and out-of-home respite workers and day program (non-mobile consumers) providers. The 2000-01 Budget provided \$42.2 million (\$22.3 million General Fund) for a 10 percent rate increase for salaries and wages and a 5 percent rate increase for associated administrative costs. California is heading into a difficult year with its softening economy and substantial revenue decreases. Consequently, the General Fund expenditures in this Budget are down 1.7 percent over the prior year. Given the previous rate increase and the limited resources in the General Fund, I cannot support further rate increases at this time.

I am sustaining the legislative augmentation of \$750,000 General Fund for the Devereux Facility on a one-time basis.

I am reducing this item by \$2,596,000 for Regional Center clinical staffing ratio increases for evaluation and service coordination in the Early Start Program and workload driven staffing positions for therapy, audiology, and support. The May Revision of the Budget proposed this reduction, which was rejected by the Legislature. California is heading into a difficult year with its softening economy and substantial revenue decreases. Consequently, the General Fund expenditures in this Budget are down 1.7 percent over the prior year. I am open to considering funding for this worthy program in the future when the economy improves.

I am reducing this item by \$1,700,000 for the expansion and implementation of a redesigned special incident reporting system for Regional Center providers. The redesign of the special incident reporting system is important, as it will help to ensure compliance with federal requirements and continued federal funding under the Home and Community-Based Services waiver. However, due to the uncertainty of the economy and General Fund revenues, this reduction is necessary to establish a prudent General Fund reserve. With this reduction, the Budget contains \$7,544,000 (\$5,770,000 General Fund) for the expansion and implementation of a redesigned special incident reporting system. It is my intent to include this funding in the 2002-03 Budget, given the importance of continued federal funding and my commitment to meet federal requirements placed on the Regional Centers.

Item 4300-490--Reappropriation, Department of Developmental Services. I revise this item by revising Schedule (3).

I am modifying Schedule (3) by reducing the amount available for reappropriation to \$500,000 in unexpended funds in Item 4300-101-0001, Budget Act of 2000, for the purchase of services for regional center clients for Self-Determination Pilot Projects. This reduction is necessary due to fiscal constraints and limited resources in the General Fund.

“(3) Item 4300-101-0001 (b) 10.10.020 Budget Act of 2000 (Ch. 52, Statutes of 2000) for Self-Determination Pilot Projects; ~~\$1,618,000~~ \$500,000 shall be reappropriated to Item 4300-101-0001 (1) 10.10.010 and available for expenditure until June 30, 2004.”

Item 4440-011-0001--For support of the State Hospitals, Department of Mental Health. I reduce this item from \$432,953,000 to \$430,309,000 by reducing:

- (2) 20.20-Long-Term Care Services-Penal Code and Judicially Committed from \$432,953,000 to \$430,309,000.

I am reducing funding for state hospital security improvements by \$2,644,000, to \$5,000,000 and directing the Department of Mental Health to make its highest priority improvements that ensure staff and patient safety. It is my intent to include funds to complete the security improvements to the state hospitals in 2002-03. Given the fiscal constraints and limited General Fund resources, it is appropriate to prioritize the security projects and to complete these security enhancements over two years.

Item 4440-101-0001--For local assistance, Department of Mental Health. I reduce this item from \$160,421,000 to \$144,004,000 by reducing:

- (1) 10.25-Community Services—Other Treatment from \$981,981,000 to \$968,431,000;
- (2) 10.40-Community Services—Adult System of Care from \$7,772,000 to \$7,000,000; and
- (3) 10.47-Community Services—Children's Mental Health Services from \$41,854,000 to \$39,759,000.

I am deleting the \$350,000 legislative augmentation to fund the California Mental Health Advocacy Commission. This Commission would duplicate much of the work already being accomplished by the statewide Mental Health Planning Council and statewide advocacy groups. Due to fiscal constraints and limited General Fund resources, it is inappropriate to expand State government by establishing another statewide oversight committee.

I am deleting the \$2,000,000 legislative augmentation to fund the Mental Health Respite Care Pilot Program. This augmentation would provide resources for local respite assistance services and could constitute a new state-funded entitlement program. Counties are charged with providing mental health services to residents and have been provided funding for these services through State-Local Realignment. To the extent new categorical programs are established, responsibility for funding these programs shifts to the State. If counties desire to provide respite assistance programs, such programs can be implemented and supported through existing local resources.

I am reducing \$5,000,000 for the Supportive Housing Program. I proposed this reduction as part of the May Revision of the Budget. The Legislature rejected that reduction, restoring the funding. California is heading into a difficult year with its softening economy and substantial revenue decreases. Consequently, the General Fund expenditures in this Budget are down 1.7 percent over the prior year. This funding was new in 2000-01, and most of the programs are just beginning. Therefore, this reduction is likely to have little impact on established programs or clients. The Budget continues \$20.1 million for supportive housing programs and \$65.6 million for Integrated Services for Homeless Adults.

I am reducing \$2,095,000 for the Children's System of Care. The Budget provides \$443.3 million for mental health treatment to Medi-Cal eligible children and \$13 million for mental health services for children in the Healthy Families Program, and sustains \$39.8 million for the Children's System of Care. I am highly supportive of children's mental health programs. However, California is heading into a difficult year with its softening economy and substantial revenue decreases. Consequently, the General Fund expenditures in this Budget are down 1.7 percent over the prior year. I take this action as a matter of consistency because the

discretionary budgets for nearly all State departments funded from the General Fund have been reduced similarly. I am open to considering funding for this worthy program in the future when the economy improves

I am reducing \$100,000 for Dual Diagnosis Services for Underserved Populations. I am sustaining the remaining \$1.9 million. I note that this program spent \$1.5 million in 2000-01. California is heading into a difficult year with its softening economy and substantial revenue decreases. Consequently, the General Fund expenditures in this Budget are down 1.7 percent over the prior year. I am open to considering funding for this worthy program in the future when the economy improves.

I am reducing \$100,000 for the Institutions for Mental Disease Transition Pilot Project, which is the Department of Mental Health's portion of the Long-Term Care Pilot Project. This project is a new program for 2001-02 and not all of the \$750,000 provided in the Budget has been spent. In light of fiscal constraints and limited resources in the General Fund, it is appropriate to reduce the funding for this program.

I am deleting \$6,000,000 for Crisis Intervention and Stabilization Assistance. This time-limited program initially funded in 2000-01 has not yet begun, and thus, no ongoing services are affected. In light of fiscal constraints and limited resources in the General Fund, I take this action as a matter of consistency because the discretionary budgets for nearly all State departments funded from the General Fund have been reduced similarly.

I am reducing \$772,000 for the Adult System of Care. This pilot program which provides integrated mental health services to adults is similar to the Integrated Services to Homeless Adults program. I am increasing that program by \$10 million in this Budget. In light of this increase and limited resources in the General Fund, I am taking this action as a matter of consistency as indicated above.

I am sustaining Provisions 4 and 5 on a one-time basis.

Item 4440-101-0890--For local assistance, Department of Mental Health. I revise this item by deleting Provision 4.

I am deleting Provision 4, which would require the Department of Mental Health to use \$200,000 from budgeted local assistance federal funds to develop, by no later than June 30, 2002, a comprehensive statewide plan for the prevention of suicide. The local assistance funding provided in the Budget should be used for treatment services, rather than for administrative studies. Because county mental health is a state-funded, county-administered program, and because service priorities are determined at the local level, such studies should be developed in and by the communities that will operate and benefit from the programs.

Item 4440-103-0001--For local assistance, Department of Mental Health. I reduce this item from \$209,856,000 to \$204,815,000.

I am reducing this item by \$5,041,000 to eliminate the 3 percent discretionary cost-of-living adjustment (COLA) for Mental Health Managed Care originally provided in the 2001-02 Budget. Under Medi-Cal, in 2000-01, psychiatrists received an 18.1 percent rate increase and psychologists received a 30 percent rate increase. These rate increases were also provided for these services under Mental Health Managed Care. In light of fiscal constraints and limited resources in the General Fund, I am eliminating the COLA for 2001-02. Even in the absence of

the 3 percent COLA, funding for this program totals \$204.8 million General Fund, an increase of \$19.6 million General Fund in 2001-02.

Item 4440-111-0001--For local assistance, Department of Mental Health. I reduce this item from \$12,247,000 to \$11,747,000.

I am reducing this item by \$500,000 for caregiver resource centers. Another program serving a similar population, the Traumatic Brain Injury (TBI) program, is being increased by \$300,000 in on-going funding and \$1.4 million in one-time funding. Due to fiscal constraints and limited resources in the General Fund, I cannot continue to fund the caregiver resource center program at the prior level and increase funding for the TBI program.

Item 4700-101-0001--For local assistance, Department of Community Services and Development. I reduce this item from \$7,700,000 to \$7,150,000 by reducing:

(2) 47-Naturalization Services from \$6,650,000 to \$6,150,000;

and by deleting:

(3) 97.20.004-Local Projects (\$50,000)

(a) Napa County Coalition for Economic Opportunity for Napa Valley Coalition of Non-Profit Agencies: Model Program for Non-Profit Coalition Training and Purchasing of Services (50,000).

I am reducing funding for the Naturalization Services Program by \$500,000 General Fund. California is heading into a difficult year with its softening economy and substantial revenue decreases. Consequently, the General Fund expenditures in this Budget are down 1.7 percent over the prior year. I take this action as a matter of consistency because the discretionary budgets for many State programs funded from the General Fund have been reduced similarly. The Budget provides \$6.2 million General Fund for the Naturalization Services Program, which I believe is sufficient to continue the provision of services on a priority basis.

I am deleting the legislative augmentation of \$50,000 for the Napa County Coalition for Economic Opportunity for Napa Valley Coalition of Non Profit Agencies. The reduction is necessary due to fiscal constraints and limited resources in the General Fund.

Item 5100-001-0001--For support of Employment Development Department. I reduce this item from \$30,514,000 to \$29,514,000.

I am reducing this item by \$1,000,000 to conform to the action taken in Item 5100-001-0870.

Item 5100-001-0870--For support of Employment Development Department. I revise this item by reducing:

(1) 10-Employment and Employment Related Services from \$214,339,000 to \$213,339,000,

(9) Amount Payable from the General Fund (Item 5100-001-0001) from -\$30,514,000 to -\$29,514,000.

I am reducing \$1,000,000 and sustaining \$4,000,000 of the \$5,000,000 for the Faith Based Initiative. The grants associated with this program will provide job services and training to many individuals not traditionally served by the current system of workforce development. However, this reduction is necessary to provide for a prudent reserve for economic uncertainties. California is heading into a difficult year with its softening economy and substantial revenue decreases. Consequently, the General Fund expenditures in this Budget are down 1.7 percent over the prior year. I am open to considering funding for this worthy program in the future when the economy improves.

Item 5100-101-0001--For local assistance, Employment Development Department. I reduce this item from \$950,000 to \$900,000 by reducing:

(2) 97-20-004-Local Projects from \$700,000 to \$650,000

(c) Women Advancing the Valley through Education, Economics and Empowerment (WAVE): Resource Center for WAVE from (\$100,000) to (\$50,000).

I am deleting the \$50,000 legislative augmentation for this local project. This reduction is necessary due to fiscal constraints and limited resources in the General Fund. I am sustaining \$650,000 in this item for local projects on a one-time basis.

I am sustaining the \$250,000 legislative augmentation for the Youthbuild program on a one-time basis. This program provides training and services for economically disadvantaged youth to provide them with the skills necessary to obtain unsubsidized employment, to complete secondary or post-secondary education, to gain entrance to military service, or to obtain qualified apprenticeship.

Item 5160-001-0001--For support of Department of Rehabilitation. I reduce this item from \$47,519,000 to \$47,019,000 by reducing:

(1) 10-Vocational Rehabilitation Services from \$320,287,000 to \$317,940,000, and

(8) Amount payable from the Federal Trust Fund (Item 5160-001-0890) from -\$269,770,000 to -\$267,923,000.

I am reducing \$2,347,000 (\$500,000 General Fund and \$1,847,000 Federal Trust Fund) of the \$320.3 million (\$44.9 million General Fund) appropriated for the Vocational Rehabilitation Services program. The Vocational Rehabilitation Services program operates under an Order of Selection based on the availability of funding. Therefore, all of the Most Significantly Disabled clients will continue to be served. The reduction is necessary due to fiscal constraints and limited General Fund resources.

Item 5160-001-0890--For support of Department of Rehabilitation. I reduce this item from \$269,770,000 to \$267,923,000.

I am reducing this item by \$1,847,000 to conform to the action taken in Item 5160-001-0001.

Item 5160-101-0001--For local assistance, Department of Rehabilitation. I reduce this item from \$107,093,000 to \$107,043,000 by reducing:

(3.5) 97.20.004-Local Projects from \$350,000 to \$300,000

- (a) Accessible San Diego: Welcome Center for Disabled from (\$100,000) to (\$50,000).

I am reducing the \$50,000 legislative augmentation because this reduction is necessary due to fiscal constraints and limited resources in the General Fund. I am sustaining the remaining augmentations for projects on a one-time basis.

Item 5160-495--Reversion, Department of Rehabilitation. I delete this item.

I am deleting the reversion item added by the Legislature because I continue to support as a high priority, making state services and facilities available to persons with disabilities. This funding was appropriated with two-year availability. The Americans with Disabilities Act Task Force I appointed, in conjunction with the Department of Rehabilitation, has already approved \$11.6 million in projects. The Task Force is moving forward in identifying additional projects. A request for funding proposal has recently been circulated, with a deadline for response of July 23, 2001. It is anticipated that all available funding will be utilized.

Item 5180-001-0001--For support of Department of Social Services. I reduce this item from \$95,932,000 to \$93,932,000 by reducing:

- (1) 16-Welfare Programs from \$71,965,500 to \$69,965,500.

I am deleting the \$2,000,000 General Fund legislative augmentation for the Emergency Food Assistance Program for food bank infrastructure improvements. Over the past two years, \$2 million General Fund has been appropriated for food bank infrastructure improvements. The State also has provided and continues to provide funding directly for food assistance for needy families. Federal and State expenditures for food assistance will be \$4 billion (\$152 million General Fund) in 2001-02. This includes expenditures for school meal programs, senior nutrition programs, the Women, Infants, and Children program, the federal Food Stamp program, and the California Food Assistance Program (CFAP). I also support making CFAP a permanent program as part of this Budget.

I am also deleting 2.0 positions approved by the Legislature, in lieu of the proposed contract services, to provide administrative oversight and assistance to the Alameda County Child Welfare Services agency, because of the State's Formal Notice of Noncompliance issued to this county. Contract services are more appropriate because the work is time limited, the project is time sensitive, and filling positions for staff to be onsite in Alameda County may cause delays, which may have a negative impact on the State's ability to perform its responsibilities.

Item 5180-101-0001--For local assistance, Department of Social Services. I reduce this item from \$2,591,540,000 to \$2,590,243,000 by reducing:

- (5.5) 97.20.004-Local Projects from \$3,782,000 to \$2,485,000;

and by deleting Provisions 12 and 13 and revising Provisions 14 and 16.

I am deleting Provision 12, which states legislative intent to fully fund CalWORKs Stage One and Stage Two child care services. The Budget fully funds Stage One and Stage Two child care and includes a \$153 million child care reserve to assure that sufficient funds are available if unanticipated needs arise after enactment of the budget.

I am deleting Provision 13, which states legislative intent to fully fund CalWORKs employment services. The Budget funds CalWORKs Employment Services at the current year level and includes a \$30.1 million reserve available for unanticipated needs in any program for which Temporary Assistance for Needy Families Block Grant funds are appropriated, including CalWORKs benefits, employment services, county administration, and child care costs.

I am making a technical veto to correct language in Provision 14 to conform the language to legislative actions that provided a \$6,500,000 General Fund augmentation for the ongoing support of foster children and Independent Living Program services for youth over 18 years. I am also deleting language referencing implementation of an Internet-based application to facilitate foster youth access to personal history record information because the \$1.5 million General Fund augmentation for this purpose was included in Item 5180-151-0001.

“14. Of the funds appropriated in this item, an amount not to exceed ~~\$8,000,000~~ *\$6,500,000* shall be available for the ongoing financial support of foster children, *and* Independent Living Program services for youth ~~beyond over the age of 18 years, and implementation of an Internet-based Web application to facilitate foster youth access to their own personal history information upon the enactment of a statute establishing the program during the 2001-2002 Regular Session.~~”

I am revising Provision 16 to delete certain legislative augmentations for local projects. These reductions are necessary due to fiscal constraints and limited resources in the General Fund. I am sustaining \$2,560,000 in this item for local projects on a one-time basis. I revise Provision 16 as follows to conform to these reductions:

“16. Of the funds appropriated in this item, ~~\$3,782,000~~ *\$2,485,000* shall be for the following projects:

- (a) CARECEN: Renovation of New Headquarters (100,000)
- (b) Catholic Charities of Los Angeles: Guadalupe Center in Canoga Park, Renovation (150,000)
- (c) Community Development Council of Orange County: New Food Delivery Trucks for Food Bank ~~(68,000)~~ *(35,000)*
- (d) County of Sonoma: Valley of the Moon Children’s Home—Construction of New Facility (250,000)
- (e) County of Sonoma: Valley of the Moon Children’s Home—Construction of New Facility (500,000)
- (f) Feedback Foundation Anaheim: Capital Goods for Senior Food Bank ~~(100,000)~~ *(50,000)*
- (g) Highlands Pre-school and Childcare Center, Infant Toddler Program for Working Poor (50,000)
- (h) People Assisting the Homeless (PATH) Los Angeles: Program Outreach (75,000)
- (i) Wellspring Women’s Center: Purchase of New Energy Efficient Heating Unit (25,000)
- (j) Pomona Valley Center for Community Development: After-School Care Program at the Pomona Valley Center for Community Development ~~(89,000)~~ *(50,000)*
- (k) Latin American Civic Association: Headstart ~~(200,000)~~ *(50,000)*
- ~~(l) New Economics for Women: Construction of Community Educational Center for the La Posada Housing Project, New Economics for Women (NEW) (250,000)~~
- (m) City of Milpitas: Expansion of the Milpitas’ “stay and play” Program (75,000)

- (n) City of Burbank: Childcare Demonstration Project ~~(80,000)~~ (40,000)
- (o) El Centro del Pueblo: For case management and after school services in conjunction with the family development network collaboration ~~(190,000)~~ (75,000)
- (p) Mid-Valley YMCA: Mid Valley YMCA Afterschool Childcare program (50,000)
- (q) Women's Shelter of Long Beach: Transitional Shelter for Domestic Violence Victims & Families ~~(75,000)~~ (60,000)
- (r) Toberman Settlement House: Capitol Development Program (50,000);
- (s) Valley of the Moon: Children's Home (100,000)
- (t) First A.M.E. Church: First A.M.E. Church Welfare-to-Work Program in Los Angeles ~~(350,000)~~ (225,000)
- (u) Mothers in Action: Mothers in Action Program in Los Angeles ~~(250,000)~~ (25,000)
- (v) Valley of the Moon: Children's Home (100,000)
- (w) Ward Family Life Programs: Domestic Violence and Health and Well-Being Programs ~~(250,000)~~ (200,000)
- (x) Al Wooten, Jr. Heritage Center: Domestic Violence and Health and Well-Being Programs ~~(100,000)~~ (70,000)
- ~~(y) City of Springville: Springville Community Preschool and Childcare playground (25,000)~~
- ~~(z) City of Oceanside: Middle School After School Programming (50,000)~~
- ~~(aa) City of Twentynine Palms: Knott's Sky Park pre-School (50,000)~~
- ~~(ab) Mexican American Opportunities Foundation: Cargo Van, Mexican American Opportunities Foundation (30,000)~~
- (ac) Clara Mateo Alliance, Inc.: Homeless Women and Children's Day Service Center ~~(100,000)~~ (80,000)"

Item 5180-141-0001--For local assistance, Department of Social Services. I reduce this item from \$405,197,000 to \$400,997,000 by reducing:

- (2) 16.85-Automation Projects from \$254,425,000 to \$248,319,000;
- (4) Amount payable from the Federal Trust Fund (Item 5180-141-0890) from -\$557,599,000 to -\$555,693,000;

and by deleting Provision 10.

I am reducing this item by \$3,226,000 (\$1,700,000 General Fund) to reduce funding for Statewide Automated Welfare System (SAWS) oversight. This action is necessary to protect other vital programs and to provide for a prudent General Fund reserve for economic uncertainties. In addition, each of the SAWS projects includes funding and staff for oversight activities. I am directing the Department of Social Services (DSS) and the Health and Human Services Agency Data Center (HHSDC) to jointly re-evaluate the role of the SAWS Oversight Committee, the HHSDC, the DSS, and the Department of Information Technology in overseeing the SAWS projects, and to phase the SAWS Oversight Committee out to the extent it is duplicative.

I am reducing this item by \$500,000 for Statewide Fingerprint Imaging System implementation activities. This action is necessary to provide for a prudent General Fund reserve for economic uncertainties. I am sustaining \$11.7 million General Fund to complete the implementation of this system and begin ongoing maintenance and operations in 2001-02.

I am reducing this item by \$1,000,000 for Welfare Client Data System implementation activities. This action is necessary to provide for a prudent General Fund reserve for economic uncertainties. I am sustaining \$81.8 million to continue the implementation of this system in 2001-02.

I am reducing this item by \$1,380,000 (\$1,000,000 General Fund) for Consortium IV implementation activities. This action is necessary to provide for a prudent General Fund reserve for economic uncertainties. I am sustaining \$78.6 million to continue the implementation of this system in 2001-02.

I am deleting Provision 10, which requires the DSS to submit a report to the Legislature with options for an automatic transitional food stamp benefit for former CalWORKs recipients for up to three months after the recipient leaves cash assistance. The transitional benefit proposal would expand federal Food Stamp and California Food Assistance Program eligibility and result in additional General Fund costs for benefit payments and county administration.

Item 5180-141-0890--For local assistance, Department of Social Services. I reduce this item from \$557,599,000 to \$555,693,000.

I am reducing this item by \$1,906,000 to conform to actions taken in Item 5180-141-0001.

Item 5180-151-0001--For local assistance, Department of Social Services. I reduce this item from \$737,672,000 to \$726,494,000 by reducing:

- (1) 25.25-Children's Services from \$1,789,208,000 to \$1,781,613,000;
 - (a) 25.25.010-Child Welfare Services from \$1,674,066,000 to \$1,672,671,000;
 - (b) 25.25.020-Adoptions Program from \$89,159,000 to \$88,959,000;
 - (c) 25.25.030-Child Abuse Prevention from \$25,983,000 to \$19,983,000;
- (2) 25.35-Special Programs from \$126,995,000 to \$122,917,000;
 - (a) 25.35.010-Specialized Services from \$8,944,000 to \$5,644,000;
 - (e) 25.35.050-County Services Block Grant from \$92,304,000 to \$91,526,000;
- (6) Amount payable from the Federal Trust Fund (Item 5180-151-0890) from -\$1,136,637,000 to -\$1,136,142,000;

and by revising Provisions 6 and 10.

I am deleting \$400,000 General Fund and \$495,000 Federal Trust Fund for Child Welfare Services Case Management System staff development in order to maintain a prudent reserve for economic uncertainties. As the Department has the ability to prioritize the efforts of the training program, I am directing it to give primary attention to the most urgently needed training in order to minimize the impact of the reduction.

I am deleting \$500,000 General Fund for the Supportive and Therapeutic Options Program due to fiscal constraints and limited resources in the General Fund. It is my intent that no child be removed from this program and that savings will occur from attrition. Additionally, counties are projected to receive \$1.1 billion in State-Local Realignment funding for community mental health services, which can be used for children receiving Child Welfare Services as well as for children

and youth at-risk of placement in exiting foster care.

I am deleting the \$200,000 General Fund legislative augmentation to fund criminal background checks for adoptive applicants at the time of application, rather than reimbursing only those individuals who adopt, upon completion of an adoption. The Budget includes \$872,000 (\$436,000 General Fund) to reimburse adoptive parents for nonrecurring adoption expenses. I cannot support this augmentation due to fiscal constraints and limited resources in the General Fund.

I am deleting \$1,000,000 General Fund for the Child Abuse Prevention, Intervention and Treatment program County Third Party Contracts, and retaining \$13,395,000 General Fund to provide prevention and intervention services for children at risk of abuse or neglect. California is heading into a difficult year with its softening economy and substantial revenue decreases. Consequently, the General Fund expenditures in this Budget are down 1.7 percent over the prior year. I take this action as a matter of consistency because the discretionary programs for nearly all State departments funded from the General Fund have been reduced similarly.

I am deleting \$5,000,000 General Fund retained by the Legislature for the Juvenile Crime Prevention programs. The May Revision proposed the elimination of \$9.7 million General Fund for these programs due to fiscal constraints and limited resources in the General Fund. The Budget includes a separate \$116.3 million General Fund appropriation for comprehensive multi-agency responses to juvenile crime, which is a continuation of a continuum of prevention and rehabilitation services, designed and operated at the local level and administered by the Board of Corrections.

I am reducing funding for the Special Circumstances Program by \$3,300,000 General Fund. I support the services provided by this program; however, expenditures in this program over the last several years have approximated only 78 percent of the amount available for benefit payments. I am reducing the funding for payments under this program by \$1,300,000. Additionally, changes to this program included in Budget trailer bill language would streamline the administrative determinations process and reduce the program's administrative costs. Consequently, I expect an additional \$2,000,000 General Fund savings related to administration of the program.

I am reducing funding for the County Services Block Grant basic costs by \$778,000 General Fund. The May Revision proposed a reduction of \$11.2 million (\$5.9 million General Fund); however, the Legislature retained \$778,000 General Fund of this amount to cover Non-Medical Out-of-Home Care administrative costs. I believe that the retained funding of \$20.7 million (\$11.3 million General Fund) will be sufficient to cover these costs and meet federal SSI program requirements.

I am revising this item by making a technical veto to correct language in Provision 6, to conform to the legislative actions that provided \$74,300,000 General Fund for the augmentation to Child Welfare Services.

- "6. Of the amount appropriated in this item, ~~\$124,874,000~~ \$123,834,000 shall be provided to counties to fund additional child welfare service activities and shall be allocated based on child welfare services caseload and county unit costs. However no county shall receive less than \$100,000. These funds shall be expressly targeted for emergency response, family reunification, family maintenance and permanent placement services and shall be used to supplement, and shall not be used to supplant, child welfare

services funds. A county is not required to provide a match of the funds received pursuant to this provision if the county appropriates the required full match for the county's child welfare services program exclusive of the funds received pursuant to this provision. These funds are available only to counties that have certified that they are fully utilizing the Child Welfare Services/Case Management System (CWS/CMS) or have entered into an agreed upon plan with the State Department of Social Services outlining the steps that will be taken to achieve full utilization. The department shall reallocate any funds that counties choose not to accept under this provision, to other counties based on the allocation formula specified in this provision.

The department, in collaboration with the County Welfare Directors Association and representatives from labor groups representing social workers, shall develop the definition of full utilization of the CWS/CMS, the method for measuring full utilization, the process for the state and counties to work together to move counties toward full utilization, and measurements of progress toward full utilization."

I am revising this item by making a technical veto to correct language in Provision 10, to conform the language to legislative actions that provided a \$1,500,000 General Fund augmentation for development and implementation of a pilot Internet-based Health and Education Passport in the County of Los Angeles.

- "10. Of the funds appropriated in this item, ~~\$2,000,000~~ \$1,500,000 shall be for the pilot of the Internet based Health and Education Passport in the County of Los Angeles, to collect and maintain health and education records for children in the foster care system, as required by Section 16010 of the Welfare and Institutions Code. Of this amount, the Department of Finance may transfer up to \$500,000 to Item 5180-001-0001 for support of the State Department of Social Services, to provide technical assistance in preparation of the Advance Planning Document, provide Independent Verification and Validation to ensure SACWIS compliance, and to ensure that the project meets federal and state guidelines and privacy requirements."

Item 5180-151-0890--For local assistance, Department of Social Services. I reduce this item from \$1,136,637,000 to \$1,136,142,000.

I am reducing this item by \$495,000 to conform to the actions taken in Item 5180-151-0001.

Item 5240-001-0001--For support of Department of Corrections. I reduce this item from \$4,246,968,000 to \$4,241,601,000 by reducing:

- (1) 21-Institution Program from \$3,250,387,000 to \$3,245,770,000;
- (3) 31-Community Correctional Program from \$433,438,000 to \$432,688,000; and

and by deleting Provision 11.

I am deleting the \$750,000 legislative augmentation for a Global Positioning Satellite System pilot project. The benefits of this technology in enhancing public safety have not been sufficiently demonstrated to justify the cost.

I am deleting Provision 11 to conform to this action.

I am deleting the \$617,000 legislative augmentation to increase the uniform allowance for correctional supervisors because this issue would be more appropriately addressed through negotiations with the Department of Personnel Administration.

I am deleting the \$4,000,000 augmentation for operating costs associated with the proposed retrofit of backup electrical generators at Department of Corrections institutions. Since the proposed retrofit will not occur this fiscal year, this augmentation is no longer necessary.

Item 5460-001-0001--For support of Department of the Youth Authority. I reduce this item from \$299,703,000 to \$298,768,000 by reducing:

- (1) 20-Institutions and Camps from \$313,750,000 to \$312,815,000.

I am deleting \$935,000 of the augmentation in the January Budget for deferred maintenance projects, leaving \$5,000,000 to address this need. This action is essential due to fiscal constraints and limited resources in the General Fund.

Item 6110-001-0001--For support of Department of Education, I reduce this item from \$51,519,000 to \$50,445,000 by reducing:

- (1) 10-Instruction from \$57,754,000 to \$57,355,000;
- (2) 20-Instructional Support from \$67,528,000 to \$67,189,000;
- (4) 41.00-Executive Management and Special Services from \$8,197,000 to \$8,077,000;
- (5) 41.01-State Board of Education from \$2,041,000 to \$1,541,000;
- (7.6) 97.20.004.001-Local Projects from \$575,000 to \$560,000; and
- (9) Amount Payable from Federal Trust Fund (6110-001-0890) from -\$109,660,000 to -\$109,361,000

I am deleting the legislative augmentation of \$100,000 in Schedule (1) and eliminating one position to support the Apprenticeship program. While I am supportive of the Apprenticeship program, the need for an additional position has not been justified. I would also note that the Budget maintains a \$1,944,000 augmentation for this program.

I am reducing Schedule (2) for the legislative augmentation of \$213,000 and 0.9 personnel years for the Standardized Testing and Reporting and High School Exit Exam Workbook Program. The workload associated with the Workbook Program will be performed mainly by the contractor. Therefore, I cannot support providing additional funding for the Department of Education. I am deleting Provision 26 to conform to this action.

I am reducing Schedule (2) by \$1,000 and eliminating 26.7 vacant personnel years. I share the concern raised by various legislators that several departments have excess and unnecessary position authority in their respective budgets. The elimination of these vacant positions will have no adverse affect on workload or educational services provided. Lastly, this action is consistent with the overall statewide policy regarding excess vacant positions being implemented in other departments with excessive salary savings.

I am reducing Schedule (2) by \$125,000 and one position for the legislative augmentation to provide technical assistance relative to compliance with the Student Safety and Violence Prevention Act (Chapter 587, Statutes of 1999). This Act strengthened California's nondiscrimination policy by conforming the Education Code to other state constitutional and Penal Code provisions. The department's staffing already includes 15 positions for school safety-related programs, which are available to absorb any workload increase associated with this program. I am deleting Provision 35 to conform to this action.

I am reducing Schedule (4) by \$120,000 and one position to eliminate the legislative augmentation for a development officer to leverage private support for education and to make a \$20,000 technical correction. The Department's staffing should provide adequate resources to respond to inquiries from parties interested in supporting California's educational programs.

I am reducing Schedule (5) by \$500,000 for distributing human rights and genocide model curriculum to all schools in the State. This action is necessary to provide for a prudent General Fund reserve for economic uncertainties. In addition, school districts can already use their general apportionment or other funds to obtain the model curriculum. I am deleting Provision 30 to conform to this action.

I am sustaining the \$60,000 of the \$75,000 proposed in Schedule (7.6), for the legislative augmentation provided to the Department of Education for the Weekend Parental Involvement Pilot Program on a one-time basis.

I am sustaining the \$500,000, in Schedule (7.6), for the legislative augmentation provided to the Department of Education for the Pupil Athletic Access and Safety Program Pilot Project on a one-time basis.

I am reducing Schedules (1) and (9) by \$299,000 to conform to the actions taken in Item 6110-001-0890.

Item 6110-001-0890--For support of Department of Education. I reduce this item from \$109,660,000 to \$109,361,000 and delete Provision 14.

I am deleting the legislative augmentation of \$299,000 and 3 positions in the State Department of Education, intended to assist with the allocation of any specified federal technology funds received. The budget provides an increase of \$850,000 for the California Technology Assistance Project specifically to help school districts take full advantage of available federal funds. If California receives any increased federal funds, I suggest that they be used to supplement any existing available funds for additional technology equipment in schools.

I am deleting Provision 14 to conform to this action.

Item 6110-006-0001--For support of Department of Education (Proposition 98). I reduce this item from \$34,483,000 to \$33,483,000 by reducing:

(1) 10.60.040-Instruction, State Special Schools from \$39,370,000 to \$38,370,000:

(b) 10.60.040.002-School for the Deaf, Fremont from \$14,347,00 to \$13,347,000,

and by deleting Provision 3.

I am deleting the \$1,000,000 legislative augmentation provided to the California School for the Deaf in Fremont. I am aware of the staffing issues in the Fremont area associated with comparable pay and cost of living. However, this augmentation is not the appropriate means of addressing the issue of equitable pay for staff at the State Special Schools. I also note that the Department of Personnel Administration is already working to address this issue to provide a long term and more viable solution.

I am deleting Provision 3 to conform to this action.

Item 6110-101-0001--For local assistance, Department of Education (Proposition 98). I reduce this item from \$4,559,000 to \$2,934,000 and revise Provision 1.

I am reducing local projects by \$1,625,000. This action is essential due to fiscal constraints and limited resources in the General Fund. The individual projects remaining in this item are being sustained on a one-time basis.

Additionally, I am reducing the \$1,000,000 augmentation for the National Hispanic University by \$300,000. The remaining \$700,000, in combination with \$250,000 I am sustaining in a separate item, will be used toward the purchase of additional land for this unique university. This university serves the entire state of California in its mission to educate bilingual teachers and to increase the number of math, science and technology degrees granted. I also note that a technical error was made in designating these funds as Proposition 98. I request the Department of Finance to inform the State Controller that the \$700,000 appropriated for this purpose will not be so designated in our official calculation of the guarantee.

- "1. The funding in this item shall be allocated for the following local projects:
- (a) San Fernando Middle School: Renovation of the San Fernando Middle School Auditorium ~~(500,000)~~ (350,000)
 - (b) Mount Pleasant School District—National Hispanic University Lease Purchase Agreement ~~(1,000,000)~~ (700,000)
 - (c) Elk Grove Unified School District: Elk Grove Community Pool (50,000)
 - (d) Fremont Elementary School, Santa Ana Unified School District: Fremont Elementary School playground equipment ~~(58,000)~~ (30,000)
 - (e) Gilbert Elementary School, Garden Grove Unified School District: Gilbert Elementary School playground equipment ~~(110,000)~~ (40,000)
 - (f) Jackson Elementary School, Santa Ana Unified School District: Jackson Elementary School playground equipment ~~(80,000)~~ (55,000)
 - (g) Lennox School District: Purchase computers ~~(125,000)~~ (75,000)
 - (h) Rancho Cordova Elementary School: Rancho Cordova Elementary School playgrounds (50,000)
 - (i) Rancho Cordova High School: Light fixtures (25,000)
 - (j) Sunnyvale Elementary School District: Program funds for Project H.E.L.P (100,000)
 - (k) Fremont Union High School District: Digital Divide Scholarship Program ~~(100,000)~~ (75,000)
 - (l) East Side Union High School District: Laptops for under-achieving 9th graders ~~(50,000)~~ (47,000)
 - ~~(m) Los Angeles Unified School District: Health clinic at San Fernando High School (200,000)~~
 - (n) Merced Union High School District, Education Foundation: Construction of Golden Valley Pool ~~(250,000)~~ (172,000)

- (o) Merced Union High School District: Buhach High School Aquatic Facility ~~(250,000)~~ (190,000)
- (p) Ceres Unified School District: Ceres High School Performing Arts Center ~~(250,000)~~ (100,000)
- (q) Alameda Unified School District: Woodstock Child Development Center ~~(400,000)~~ (65,000)
- (r) East San Gabriel Valley Regional Occupational Program: East San Gabriel Valley Occupational Program and Technical Center (75,000)
- (s) Alhambra Unified School District: Mark Keppel High School HVAC system repair and improvement (250,000)
- (t) Fremont Unified School District: Renovation of the Tak Fudenna Stadium (50,000)
- (u) Glendale Unified School District: Latino Student Initiative Program ~~(80,000)~~ (40,000)
- (v) Glendale Unified School District: Middle School Technology Lab Program ~~(75,000)~~ (35,000)
- (w) Verdugo Hills High School: Equipment ~~(31,000)~~ (20,000)
- (x) Mountain Avenue Elementary School: Computers ~~(25,000)~~ (15,000)
- (y) Pasadena Unified School District: Greening Project ~~(25,000)~~ (20,000)
- ~~(z) Long Beach Unified School District, Los Angeles County Office of Education COE (\$250,000) each to LBUSD and LACOE): Augmentation for specialized secondary schools: California Academy of Math and Science (CAMS) and Los Angeles County High School for the Arts (LACHSA) (100,000)~~
- (aa) Long Beach Unified School District: Request for matching funds for district's participation in Malcolm Baldrige National Quality Program (50,000)
- (ab) Sacramento City Unified School District: Didion/Lewis Park Multi-Use Recreational Center ~~(175,000)~~ (65,000)
- (ac) Sacramento Unified School District: After School Arts and Education Program (Public/Private partnerships for arts education through Sacramento City Unified School District) ~~(75,000)~~ (40,000)
- ~~(ad) Golden Valley Unified School District: Safe routes for travel to schools (100,000)~~
- (ae) Simi Valley Unified School District: Joint-use tennis courts (100,000)
- (af) Lennox Middle School: Lennox Middle School scholarship program (50,000)"

Item 6110-104-0001--For local assistance, Department of Education (Proposition 98). I revise this item by deleting Provision 6.

I am deleting Provision 6 of this item, which would authorize the use of up to \$10 million from any potential savings during 2001-02 to be allocated for supplemental instruction transportation in 2002-03. School districts receive funds for supplemental instruction along with a variety of categorical programs and their general apportionment, all of which can be used to meet the costs of instruction, including transportation. In addition, this provision would result in significant pressure to provide future increases for this purpose without any regard to the availability of resources already provided by the State.

Item 6110-156-0001--For local assistance, Department of Education (Proposition 98). I reduce this item from \$610,706,000 to \$600,706,000 by reducing:

- (1) 10.50.010.001--Adult Education from \$574,705,000 to \$564,705,000,

and by deleting Provisions 6 and 7.

I am reducing the \$10,000,000 augmentation for the Adult Education program to better reflect estimated participation. As this program historically has not spent its entire budget allocation, the revised amount will be sufficient to maintain the existing level of service delivery. Even with this reduction, the Adult Education program experienced an increase of 4.7 percent above the current year total.

I am deleting Provisions 6 and 7 that would reallocate unexpended 2000-01 Adult Education funds for program increases. Existing audit findings, related to concurrent enrollment, need to be resolved prior to considering Adult Education funding increases. The Superintendent of Public Instruction currently has the authority to allocate any unused funding to school districts that can demonstrate a need to fund additional students. Finally, I am concerned that this proposal increases the revenue limit without enhancing either accountability or performance.

Item 6110-161-0890--For local assistance, Department of Education. I reduce this item from \$667,190,000 to \$664,818,000 by reducing:

- (4) 10.60.050.021-IDEA, Capacity Building, Special Education from \$43,828,000 to \$41,456,000,

and by deleting Provision 12.

I am deleting the \$2,372,000 legislative augmentation provided to expand the existing Quality Assurance and Focused Monitoring Pilot Program. I share the desire to improve results for all children, especially those with disabilities. However, my Budget already provides \$1,420,000 for local assistance grants in the third year of the Quality Assurance and Focused Monitoring Pilot Program, and it would not be prudent to provide additional funds for this purpose until the tangible results from existing efforts are reviewed and best practices are identified.

I am deleting Provision 12 to conform to this action.

Item 6110-193-0001--For local assistance, State Department of Education (Proposition 98). I reduce this item from \$180,769,000 to \$180,464,000 by deleting:

- (8) 20.60.113-Instructional support: Substitute Teacher Training Program (\$305,000).

I am deleting the \$305,000 legislative augmentation, contained in Schedule 8, for a program to provide professional development training to substitute teachers. I believe it is important to concentrate State resources on serving permanent instructional staff, many of whom have not yet had an opportunity to participate in state-funded professional development efforts. In addition, information regarding the scope and duration of the training that this augmentation would fund is lacking.

Item 6110-196-0001--For local assistance, Department of Education (Proposition 98). I reduce this item from \$1,319,668,000 to \$1,309,168,000 by reducing:

- (1) 30.10.020-Child Care Services from \$1,665,473,000 to \$1,654,973,000;
 - (f) 30.10.020.012-Special Program, Child Development, Alternative Payment Program Stage 3 from \$214,326,000 to \$203,826,000.

The Legislature's addition of \$33,500,000 in Subdivision (26) of Item 6110-485, in combination with actions taken to redirect \$32,508,000 of one-time funding earmarked for child care facilities in Provision 2 (c) of this Item constitute a legislative augmentation of over \$66 million for additional child care subsidies for former CalWORKs families who have exhausted eligibility in Stages 1 and 2. Those augmentations were predicated on the May Revision's \$280 million estimate as the amount needed to fully fund all estimated Stage 1 and 2 caseload that would time out off of their two-year transitional subsidized child care benefit through the budget year. However, the Stage 3 estimate has subsequently been revised downward by \$20 million based on 3rd quarter data recently received from the State Department of Education. Based on this revised estimate and consistent with the Administration's interest in reforming the State's child care subsidy system, I am reducing \$10.5 million from this item as a base veto and eliminating the \$33.5 million one-time augmentation included in Subdivision (26) of Item 6110-485 for a total veto of \$44 million. These actions will still leave funding sufficient for all caseload, under current eligibility, co-payment and subsidy policies, that would become eligible for discretionary Stage 3 services prior to February 1, 2002. The Budget still results in an increase of over \$63 million from the prior year for this population for a total of approximately \$236 million. I am, however, setting \$24 million aside in the Proposition 98 Reversion Account for additional services through the remainder of the 2001-02 fiscal year contingent upon enactment of legislation by January 31, 2002, to reform the State's subsidized child care programs in a manner that meets my objectives to use the existing resources allocated for these programs more effectively and to revise inequitable access policies that currently disadvantage low-income populations who have not received public assistance through CalWORKs.

Item 6110-199-0001--For local assistance, Department of Education. I delete this item and Provision 1.

I am deleting the \$700,000 legislative augmentation for child nutrition startup and expansion grants to community-based organizations and local government agencies. This action is necessary to provide for a prudent General Fund reserve for economic uncertainties. The Budget Act continues to provide \$1,000,000 for startup and expansion grants to local educational agencies.

I am deleting Provision 1 to conform to this action.

Item 6110-233-0001--For local assistance, Department of Education. I reduce this item from \$1,175,000 to \$550,000 and revise Provision 1.

I am deleting the \$25,000 legislative augmentation for the Soledad Enrichment Action, Inc.: Charter School Girls Academy (reference Provision 1 (b) in this Item). This action is essential due to fiscal constraints and limited resources in the General Fund.

I am reducing the \$400,000 augmentation for the National Hispanic University by \$150,000. The remaining \$250,000, in combination with \$700,000 I am sustaining in a separate item, will be used toward the purchase of additional land for this unique university. This university serves the entire state of California in its mission to educate bilingual teachers and to increase the number of math, science and technology degrees.

I am deleting the \$50,000 legislative augmentation for Ocean Institute Education (reference Provision 1 (e) in this Item). This action is essential due to fiscal constraints and limited resources in the General Fund. In addition, since the proposed funding amount would be insufficient to fully implement the project, greater future costs or pressures would likely result.

I am reducing the \$500,000 legislative augmentation for Save the Children's "Web of Support" by \$400,000 (reference Provision 1 (g) in this Item). This action is essential due to fiscal constraints and limited resources in the General Fund.

The individual projects remaining in this item are being sustained on a one-time basis.

I am revising Provision 1 to conform to this actions:

- "1. The funds in this item shall be allocated for the following local projects:
- (a) Building Up Los Angeles: Girls Today Women Tomorrow Mentoring Program (50,000)
 - (b) ~~Soledad Enrichment Action, Inc.: Charter School Girls' Academy (25,000)~~
 - (c) The National Hispanic University: Purchase and construction of 11-acre campus for the only National Hispanic University in the Southwest that celebrates 20th anniversary in 2001 ~~(400,000)~~ (250,000)
 - (d) CHIME Institute for Children with Special Needs: Construction of healthy buildings (100,000)
 - (e) ~~Ocean Institute: Ocean Institute Education (50,000)~~
 - (f) Communities in Schools: Lockeford Computers (50,000)
 - (g) Save the Children: Save the Children's "Web of Support" ~~(500,000)~~ (100,000)"

Item 6110-485--Reappropriation (Proposition 98) Department of Education. I revise this item from \$566,020,000 to \$466,102,000 as follows:

I am deleting Subdivision (26) for CalWORKs Stage 3 Child Care services.

Consistent with this Administration's interest in reforming the State's child care subsidy system, I am eliminating the \$33.5 million one-time augmentation included in Subdivision (26) of this Item for the purposes explained in my actions on Item 6110-196-0001.

I am reducing Subdivision (27) by \$2,500,000 as follows:

- "(27) ~~\$8,000,000~~ \$5,500,000 to be set aside on a one-time basis pursuant to legislation enacted during the 2001-02 Regular Session for career/technical education services."

The Legislature proposed setting aside \$8,000,000 from the Proposition 98 Reversion Account for career/technical education. I am reducing this amount by \$2,500,000, thereby sustaining \$5,500,000 for this program on a one-time basis. Although I am supportive of career/technical education, this action keeps state spending in line with revenues and provides for a prudent General Fund reserve for economic uncertainties. I am amending Subdivision (27) to conform to this action.

I am reducing Subdivision (36) by \$1,750,000 as follows:

- "(36) ~~\$2,250,000~~ \$500,000 to the State Department of Education to allocate to school districts for one-time costs associated with the English Language Development Test."

I am reducing by \$1,750,000 the \$2,250,000 legislative augmentation for one-time costs associated with the English Language Development exam. I am sustaining \$500,000 to fund district apportionments for an estimated 333,000 English Language Learners expected to enter

the California public school system in 2001-02. These students are required to be assessed under State law within 30 days of enrollment. I am supportive of this assessment, which is aimed at measuring English Language Proficiency of English Language Learners, which will assist in the appropriate placement of these students.

I am deleting Subdivisions (28), (29), (34), and (38) as follows:

I am deleting the legislative augmentation of \$26,468,000 in Subdivision (28) in this item to the State Department of Education for the Year Round School Grant Program. These funds were requested to address the impact of unintended consequences to the Year Round School Grant Program resulting from the enactment of Chapter 407, Statutes of 1988 (SB 50, Greene). However, given the State's fiscal condition, I believe it would be more appropriate to correct the inequities imposed by this program through legislation, thus eliminating cost pressures to the State.

I am deleting the legislative augmentation of \$32,300,000 in Subdivision (29) in this item to the State Department of Education (SDE) for the purpose of funding a current year augmentation for the K-3 Class Size Reduction (CSR) Program. The SDE provided the CSR Program with a cost-of-living adjustment in excess of the rate provided by the Legislature and the Administration in the Budget Act of 1998, resulting in a lack of base funding in 2000-01. Given that the SDE has provided a rate in excess of that provided by the Legislature and the Administration, a more appropriate solution for this issue would be for the SDE to correct the current year per pupil rate, and then recalculate program costs to determine the actual amount required for this program.

I am deleting Subdivision (34) of this item, which would provide a \$400,000 legislative augmentation to funds available for transportation costs associated with supplemental instruction. School districts receive funds for supplemental instruction along with a variety of categorical programs and their general apportionment, all of which can be used to meet the costs of instruction, including transportation. In addition, this provision would result in significant pressure to provide future increases for this purpose without any regard to the availability of resources already provided by the State.

I am deleting Subdivision (38) of this item for the reappropriation of \$3,000,000 that is set aside for a management information system for Regional Occupational Centers and Programs pursuant to the enactment of legislation during the 2001-02 Regular Session. Any funds for this purpose are premature pending the completion of a data management study and approval of a feasibility study report for the Department of Education. Upon approval, funding for this system should be sought through the annual budget process.

Item 6110-490--Reappropriation, Department of Education. I revise this item by reducing Schedule (1) by \$450,000 and deleting Schedule (2).

I am reducing by \$450,000 the \$950,000 legislative reappropriation for the legal defensibility of the High School Exit Exam in Item 6110-001-0001, Budget Act of 2000. This action is necessary to keep State spending growth in line with revenues and provide for a prudent General Fund reserve for economic uncertainties. The \$500,000 remaining should be sufficient to cover costs during the year, as it is the amount expended during the prior year.

I am deleting the \$250,000 legislative reappropriation for an evaluation of the Public Schools Accountability Act in Item 6110-001-0001, Budget Act of 2000. The Budget will still contain

\$500,000 in base funding which I believe to be sufficient to cover the costs associated with this evaluation.

I am revising Schedule (1) as follows and deleting Schedule (2) to conform to these actions:

- “(1) ~~\$950,000~~ \$500,000 from Item 6110-001-0001 of the Budget Act of 2000 (Ch. 52, Statutes of 2000). These funds shall be used for the purposes of ensuring the legal defensibility of the High School Exit Examination, including its reliability and validity.”

Item 6110-495--Reversion, Department of Education, Proposition 98. I am revising this item by deleting Schedule 16.

I am deleting Schedule 16 that would revert \$17.5 million from the existing balance of the Child Care Facilities Revolving Fund in order to partially fund an augmentation of CalWORKs Stage 3 child care services on a one-time basis in Item 6110-485. I object to this reversion because it would limit the amount available to maintain adequate facilities for General Child Care and Preschool programs as well as for facilities which may be needed to support the CalWORKs center based pilot program which is designed to provide high quality, Title 5 compliant child care options for CalWORKs families receiving subsidized care. While I am setting aside \$24 million to partially restore the amount I have vetoed from the Proposition 98 Reversion Account in Schedule (26) of Item 6110-485, other actions I have taken on the Budget will leave sufficient resources available in the Proposition 98 Reversion Account to fulfill that commitment without the need for this reversion.

Item 6120-101-0001—For local assistance, California State Library. I reduce this item from \$410,000 to \$352,000 and revise Provision 1.

I am reducing \$58,000 of the \$410,000 legislative augmentation for local library projects due to fiscal constraints and limited resources in the General Fund. Specifically, I am reducing the legislative augmentation for the City of Oakland from \$100,000 to \$60,000, and for the La Canada-Flintridge project from \$75,000 to \$60,000.

I am revising Provision 1 to conform to this action:

- “1. The funds appropriated in this item shall be allocated for local projects, *on a one-time basis*, as follows:
- (a) City of Oakland: African-American Museum and Library ~~(100,000)~~ (77,000)
 - (b) City of La Canada-Flintridge-Joint Use Library for the City of La Canada-Flintridge and La Canada Unified School District ~~(75,000)~~ (40,000)
 - (c) Westlake Village Library (10,000)
 - (d) Agoura Hills Library (10,000)
 - (e) City of Los Angeles: Woodland Hills Library (15,000)
 - (f) City of San Diego: Logan Heights Library (100,000)
 - (g) Yuba County Library (100,000)”

Item 6120-221-0001--For local assistance, California State Library. I reduce this item from \$56,870,000 to \$52,970,000.

I am reducing this item by \$3,900,000. This action is essential due to fiscal constraints and limited resources in the General Fund.

Item 6440-001-0001--For support of University of California, I reduce this item from \$3,217,468,000 to \$3,191,176,000 by reducing:

- (1) Support from \$3,079,171,000 to \$3,055,161,000;
- (2) Charles R. Drew Medical Program from \$10,949,000 to \$8,949,000;
- (13) Local Projects from \$600,000 to \$318,000;

and by revising Provisions 10, 16, 21, 23, 24, and 34 and deleting Provisions 27, 28, 29, 31, and 32.

I am sustaining the \$5,000,000 legislative augmentation for clinical teaching support at the university's medical centers, neuropsychiatric institutes, and dental clinics. However, I am supporting this augmentation on a one-time basis, given fiscal constraints and limited resources in the General Fund.

I am deleting the \$100,000 legislative augmentation to establish the Walter H. Capps Center for the Study of Religion and Public Life at the Santa Barbara campus. This action is necessary to keep State spending growth in line with revenues and provide for a prudent General Fund reserve for economic uncertainties. Furthermore, the University can use other funding sources for the Center if it is a high priority. I am deleting Provision 27 to conform to this action.

I am deleting the \$1,500,000 legislative augmentation to establish the Silicon Valley Center, an off-campus center of the Santa Cruz campus. It would be premature to provide funds for this purpose prior to approval of this off-campus center by the California Postsecondary Education Commission. After the center has been approved, any requests for funds should be submitted through a budget change proposal as part of UC's annual budget request. I am deleting Provision 28 to conform to this action.

I am deleting the \$2,000,000 legislative augmentation to expand student services. California is heading into a difficult year with its softening economy and substantial revenue decreases. Consequently, the General Fund expenditures in this Budget are down 1.7 percent over the prior year. I take this action to provide for a prudent General Fund reserve for economic uncertainties.

I am deleting the \$1,000,000 legislative augmentation for the UCLA Center for the Study of Latino Health and Culture. This action is necessary to provide for a prudent General Fund reserve for economic uncertainties. I believe the University can use other fund sources for this Center if it is a high priority. I am deleting Provision 31 to conform to this action.

I am deleting the \$2,000,000 legislative augmentation for the Charles R. Drew Medical Program. This action is necessary to keep State spending growth in line with revenues and provide for a prudent General Fund reserve for economic uncertainties. After this action, funding for this program remains at \$8,949,000.

I am reducing the \$600,000 legislative augmentation for various local projects by \$282,000. I am sustaining the remaining \$318,000 on a one-time basis. This action is essential due to fiscal constraints and limited resources in the General Fund. I am revising Provision 34 to conform to this action:

“34. The funds appropriated in Schedule (13) of this Item shall be allocated for the following local projects:

- ~~(a) UC: UC Ag Research Center, Monterey (200,000)~~
- (b) University of California Los Angeles Advance Policy Institute: Creation of Internet Resource: “Living Independently in LA” (100,000)
- (c) University of California, San Francisco, Center for Lesbian Health Research (100,000)
- (d) University of California: UC Ag Extension in Monterey County ~~(200,000)~~ (118,000) “

I am deleting the \$1,500,000 legislative augmentation for graduate and professional school outreach. California is heading into a difficult year with its softening economy and substantial revenue decreases. Consequently, the General Fund expenditures in this Budget are down 1.7 percent over the prior year. This action is necessary to provide for a prudent General Fund reserve for economic uncertainties. After this action, funding for this program remains at \$3,200,000, in addition to \$2,000,000 in matching university funds. I am deleting Provision 32 to conform to this action.

The following base reductions are essential due to fiscal constraints and limited resources in the General Fund. I take these actions as a matter of consistency because the discretionary budgets for nearly all State departments funded from the General Fund have been reduced similarly:

The \$3,000,000 I proposed to fund Invasive Species Research.

The \$3,000,000 I proposed to increase student services. I am deleting Provision 29 to conform to this action and my previous action to eliminate a \$2 million legislative augmentation for this purpose.

The \$1,100,000 I proposed to expand ASSIST-Articulation System Stimulated Inter-Institutional Student Transfer.

The \$4,000,000 I proposed to continue genetic biomarker research, originally conducted by the March of Dimes. These funds were intended to be one-time in 2000-01, and were erroneously proposed in the 2001-02. I am revising Provision 23 to conform to this action:

“23. Of the amount appropriated in Schedule (1), ~~\$9,000,000~~ \$5,000,000 is to fund the Medical Investigation of Neurodevelopmental Disorders (MIND) Institute, including ~~\$7,500,000~~ \$3,500,000 for research, of which at least \$4,000,000 is for genetic marker research.”

The \$4,000,000 I proposed on a one-time basis to expand Internet2. After this action, the Budget still contains \$14 million on a one-time basis to continue Internet2 connectivity for UC campuses, and \$8 million in permanent funds, including funds to continue my commitment to provide Internet2 linkages between universities in California and Mexico to enhance collaboration among researchers, teachers, and students. I am revising Provision 24 to conform to this action:

“24. Of the amount appropriated in Schedule (1), \$32,000,000 is for Internet connectivity and network infrastructure to grades K-12 schools and county offices of education, and

~~\$18,000,000~~ \$14,000,000 is available, on a one-time basis, for Internet2 connectivity and infrastructure for UC campuses.”

I am deleting the \$2,000,000 base funding for outreach programs. After this action, the University’s budget still includes \$44,753,000 for these programs. I am requesting that UC allocate this reduction within the various programs outlined in Provision 10, at its discretion, in a manner that would minimize any negative impact on outreach efforts, and to report to the Administration and the Legislature on the allocation of this reduction. I am revising Provision 10 to conform to this action:

- “10. Of the amount appropriated in Schedule (1), ~~\$46,753,000~~ \$44,753,000 is provided for new and existing outreach programs that are aimed at improving the chances for pupils from a wide diversity of backgrounds to become eligible for the University of California, as follows:
- (a) The following amounts are for pupil academic development and school partnership programs and shall be matched on a one-to-one basis by the participating schools:
 - (1) *Up to* \$17,500,000 is for pupil academic development programs, including MESA, Puente, and the Early Academic Outreach Program, so that these programs may increase the number of pupils who participate in the programs and may offer services such as college admissions test preparation programs, fee waivers for Advance Placement tests, and an increased number of field trips for high school and middle school participants to visit college campuses.
 - (2) *Up to* \$10,000,000 is provided for K–12 school partnership programs to systemically reform partner schools in order to achieve long-term improvements in student success.
 - (3) *Up to* \$1,000,000 is provided for pupil academic development programs and K-12 partnership programs in the Central Valley.
 - (b) *Up to* \$4,500,000 is provided for services to community college students to promote transfer, particularly among community colleges with historically low transfer rates or a large proportion of disadvantaged students.
 - (c) *Up to* \$1,000,000 is provided for informational outreach to pupils, families, and K–12 teachers and counselors.
 - (d) *Up to* \$1,000,000 is provided for charter schools.
 - (e) *Up to* \$3,200,000 is provided for systemwide graduate and professional school outreach, to be matched by \$2,000,000 in university funds.
 - (f) *Up to* \$1,500,000 is provided for long-term evaluation of the effectiveness of outreach programs, including college graduation rates for pupils who participated in the K–12 programs, regardless of the college attended.
 - (g) *Up to* \$4,553,000 over and above any funds provided under (a)(1) is provided to support MESA programs.
 - (h) *Up to* \$2,500,000 is provided for recruitment and admission efforts intended to yield immediate short-term results, including *up to* \$750,000 to support campus efforts to move toward comprehensive assessment of freshmen applications, up to \$1,000,000 for student-initiated outreach activities focused on recruitment and mentorships aimed at high school juniors and seniors, and *up to* \$750,000 for other high-yield recruitment activities such as campus visits, phone banks, mailings, and student prep events. Of the \$750,000 appropriated to support campus efforts to move toward comprehensive assessment of freshmen applications, funding shall be provided to campuses contingent on the elimination

of the two-tiered admissions system and the establishment of a unitary admissions review process.”

I am reducing the \$500,000 base funding for the Multi-campus Research Unit for Labor Studies. I am revising Provision 21 to conform to this action:

“21. Of the amount appropriated in Schedule (1), ~~\$6,000,000~~ \$5,500,000 shall be used for UC Berkeley/UCLA to support the Multi-campus Research Unit for Labor Studies.”

I am reducing \$310,000 base funding for substance abuse research. After this action, the budget still includes \$24,000,000 for this purpose. I am revising Provision 16 to conform to this action:

“16. Of the funds appropriated in Schedule (1), ~~\$24,310,000~~ \$24,000,000 is for substance abuse research at the University of California, San Francisco campus in the Neurology Department.”

Item 6610-001-0001--For support of California State University, I reduce this item from \$2,556,068,000 to \$2,535,208,000 by reducing:

(1) Support from \$3,377,256,000 to \$3,357,006,000;

(2.5) 555005-Local Projects from \$910,000 to \$300,000;

and by revising Provision 17, and deleting Provisions 15 and 16.

I am deleting the \$5,000,000 legislative augmentation for high cost programs. The University’s budget includes full funding for enrollment increases at the agreed-upon “marginal cost” amount per full-time equivalent student. The marginal cost formula used to determine additional funding needed for enrollment growth addresses both high cost and low cost programs by providing an “average” marginal cost amount. The University has the discretion to decide how to allocate these funds to each particular program, whether it would be to provide the same amount to each program, or to provide additional funding for high cost programs and a lesser amount for lower cost programs. I am deleting Provision 16 to conform to this action.

I am deleting the \$250,000 legislative augmentation for the CSU Program for Education and Research in Biotechnology. This action is necessary to keep State spending growth in line with revenues and provide for a prudent General Fund reserve for economic uncertainties. I am deleting Provision 15 to conform to this action.

I am reducing the \$910,000 legislative augmentation for various local projects by \$610,000. I am sustaining the remaining \$300,000 on a one-time basis. These actions are essential due to fiscal constraints and limited resources in the General Fund. I am revising Provision 17 to conform to this action:

“17. The funds appropriated in Schedule (2.50) of this item shall be allocated for the following local projects:

(a) ~~California State University of San Bernardino: Projects to establish the Water Resource Institute (50,000)~~

(b) California State University: CSUPERB Biotechnology Center-Pasadena. These funds shall be used for final site assessment and development of the Pasadena

Bioscience Innovation and Training Center, and for development of a pilot bioinnovation workforce training program. The California State University will provide an update to the Legislature on the progress of this project during the 2002-03 budget deliberations ~~(250,000)~~ (200,000)

~~(c) CSU: Portuguese Study Center (\$260,000)~~

~~(d) CSU, Stanislaus: Portuguese Studies (250,000)~~

(e) San Francisco State University: Seeing Art at Work: Celebrating a Century of Labor Art in Northern California (100,000)"

The following actions are essential due to fiscal constraints and limited resources in the General Fund. California is heading into a difficult year with its softening economy and substantial revenue decreases. Consequently, the General Fund expenditures in this Budget are down 1.7 percent over the prior year. I take these actions as a matter of consistency because the discretionary budgets for nearly all State departments funded from the General Fund have been reduced similarly:

The \$2,000,000 reduction in base funding is for Agricultural Research. After this reduction, the budget still includes \$4 million for this purpose.

The \$12,500,000 reduction is for the Teacher Technology Professional Development Program. In the January Budget, I proposed an \$18.5 million augmentation for this program. After this action, the Budget still includes \$12.5 million, a \$6 million increase over 2000-01.

The \$500,000 reduction is for Marine Studies Research. In the January Budget, I proposed a \$1 million augmentation for this program. After this action, the Budget still includes a \$500,000 augmentation for this purpose.

Item 6610-491--Reappropriation, California State University. I delete this item.

I am deleting this reappropriation of \$2,000,000 General Fund from Item 6610-301-0001, Budget Act of 2000, for design and construction of the Center for Animal and Veterinary Science Education, Phase 1A at the California State University, Pomona campus. The campus has not defined the final scope of this project, and I believe this funding, instead, should be used to build a prudent General Fund reserve in light of fiscal constraints.

Item 6870-001-0001--For support of, Board of Governors of the California Community College (Proposition 98). I reduce this item from \$14,129,000 to \$13,379,000 by reducing:

- (1) 10-Appportionments from \$1,412,000 to \$1,326,000;
- (2) 20-Special Services and Operations from \$18,904,000 to \$18,490,000;
- (3) 30.01-Administration from \$5,459,000 to \$5,373,000;
- (4) 30.02-Administration—Distributed from -\$5,459,000 to -\$5,373,000;
- (4.5) 97.20.004-Local Projects from \$750,000 to \$500,000;

and by revising Provision 3 and deleting Provision 2.

I am deleting the \$86,000 augmentation and eliminating one position to support Compliance Review (\$42,000) and Legal Affairs (\$44,000). This action is necessary to keep State spending growth in line with revenues and provide for a prudent General Fund reserve for economic uncertainties.

I am deleting the \$414,000 augmentation to support Enrollment Management (\$109,000), Extended Opportunities Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE) (\$80,000), and five-year facilities planning (\$125,000), and to collect baseline data for the Teacher and Reading Development Program (\$100,000). These actions are necessary to provide for a prudent General Fund reserve for economic uncertainties. I am deleting Provision 2 to conform to this action.

I am adjusting Schedules (3) and (4) by -\$86,000, and \$86,000, respectively, to conform with my earlier action to delete augmentations for Legal Affairs and Compliance Review.

I am reducing the \$750,000 legislative augmentation to contract for the operation of Community College Leadership Institute by \$250,000. I am sustaining the remaining funds on a one-time basis. This action is essential due to fiscal constraints and limited resources in the General Fund. I am revising Provision 3 to conform to this action.

- “3. Of the funds appropriated in Schedule (4.5) of this item, ~~\$750,000~~ \$500,000 shall be available for the California Community Colleges to contract with an institution of higher education within California to operate a Community College Leadership Institute to coordinate education and training opportunities for community college faculty, classified staff, trustees, and administrators for leadership roles in California Community Colleges.”

Item 6870-101-0001--For local assistance, Board of Governors of the California Community Colleges (Proposition 98). I reduce this item from \$2,733,941,000 to \$2,608,341,000 by reducing:

- (4) 10.10.040-Partnership for Excellence from \$307,600,000 to \$300,000,000;
- (5) 20.10.005-Student Financial Aid Administration from \$18,149,000 to \$7,149,000;
- (6) 20.10.010-Extended Opportunity Programs and Services and Special Services from \$93,439,000 to \$91,439,000;
- (22) 20.30.050-Economic Development from \$50,172,000 to \$45,172,000;
- (23) 20.30.070-Transfer Education and Articulation from \$3,974,000 to \$1,974,000;

and by deleting:

- (24) 20.40.025-Scheduled Maintenance/Special Repairs (\$49,000,000);
- (25) 20.40.035-Instructional Equipment and Library Materials Replacement (\$49,000,000);

and by revising Provisions 1, 6, 9, 10, 23, 24 and 27 and by deleting Provisions 8, 25, and 26.

I am deleting the legislative augmentation of \$7,600,000 to provide the Partnership for Excellence program with a cost-of-living adjustment (COLA). Increased funding for this program

should be based solely on the merits of improving student outcomes. Furthermore, this funding would create a pressure on the State to provide a COLA for other discretionary programs.

I am deleting the legislative augmentation of \$2,000,000 for Extended Opportunity Programs and Services (EOPS) book grants. This augmentation is not necessary as current law allows colleges to use base EOPS funding for books grants if so desired. The budget provides \$79,663,000 for EOPS, which includes an augmentation of \$5,200,000. I am revising Provisions 9 and 10 to conform to this action.

- “9. Of the funds appropriated in Schedule (6), ~~\$81,663,000~~ \$79,663,000 is for Extended Opportunity Programs and Services in accordance with Article 8 (commencing with Section 69640) of Chapter 2 of Part 42 of the Education Code. Of this amount \$6,000,000 represents an augmentation and may only be allocated to serve 10,000 additional students over the number served in the 1999-2000 fiscal year. Funds provided in this item for Extended Opportunity Programs and Services (EOPS) shall be available to students on all campuses within the California Community College system, including those students on new campuses or in new districts. \$11,775,000 is for funding, at all colleges, the Cooperative Agencies Resources for Education (CARE) program in accordance with Article 4 (commencing with Section 79150) of Chapter 9 of Part 48 of the Education Code. The board of governors shall allocate funds on a priority basis and to local programs on the basis of need for student services.”
- “10. Of the funds appropriated in Schedule (6), at least ~~\$7,000,000~~ \$5,000,000 shall only be available to increase the amount of grants to students for purchasing books. In addition, these funds shall not supplant the amount of resources used for book grants by the community colleges in Extended Opportunity Programs and Services.”

I am deleting a \$5,000,000 augmentation to the Economic Development Program to provide additional Industry Driven Regional Collaboratives. These funds, instead, will be used to provide a set-aside of \$4 million for increased nursing enrollments, as well as \$1 million for curriculum development and pilot programs for training licensed nurses in specialty areas, pending enactment of legislation during the 2001-02 Regular Session. I am revising Provision 23 to conform.

- “23. Of the funds provided in Schedule (22) of this item for the Economic Development Program:
- (a) No more than \$17,536,000 shall be allocated for grants for regional business resources assistance and innovation Network Centers.
 - (b) No less than ~~\$21,387,000~~ \$16,387,000 shall be allocated for Industry Driven Regional Education and Training Collaboratives. These grants shall be made on a competitive basis and the award amounts shall not be restricted to any predetermined limit, but rather shall be funded on their individual merits. ~~Of this allocation, \$5,000,000 shall only be available for additional regional collaboratives to address information technology, nursing and biotechnology workforce development services. These funds shall not supplant the amount of resources used in the 2000-01 fiscal year for regional collaboratives in the above mentioned service areas.~~
 - (c) No more than \$4,149,000 shall be allocated for statewide network leadership, organizational development, coordination, information and support services, or other program purposes.

- (d) \$5 million shall be available for Job Development Incentive Training programs focused on job creation for public assistance recipients. Any annual savings from this subdivision shall only be available for expenditure for one-time activities listed under subsection (j) of Section 88531 of the Education Code.
- (e) No more than \$2.1 million shall be allocated for Mexican International Trade Centers established pursuant to Section (a) of Ch. 959, Statutes of 1999.
- (f) The following provisions apply to the expenditure of funds within subdivisions (a) and (b) above: Funds allocated for centers and regional collaboratives shall seek to maximize the use of state funds for subdivisions (g) through (j) of Section 88531 of the Education Code. Funds allocated to districts for purposes of subdivisions (g) and (i) of Section 88531 of the Education Code for performance-based training and student internships shall be matched by a minimum of one dollar of private business and industry funding for each one dollar of state funds. Funds allocated for purposes of subdivision (h) of Section 88531 of the Education Code for credit and noncredit instruction may be transferred to Schedules (1) or (3) to facilitate distribution at the chancellor's discretion. Any funds that become available from Network Centers due to savings, discontinuance or reduction of amounts shall first be made available for additional allocations in subdivision (b) above to increase the level of subsidized training otherwise available.
- (g) Funds allocated by the board of governors under this provision shall not be used by community college districts to supplant existing courses or contract education offerings. The chancellor shall ensure that funds are spent only for expanded services and shall implement accountability reporting for districts receiving these funds to ensure that training, credit, and noncredit programs remain relevant to business needs. Programs that do not demonstrate continued relevance and support by business shall not be eligible for continued funding. The board of governors shall consider the level of involvement and financial commitments of business and industry as primary factors in making awards. The chancellor shall incorporate grant requirements into its guidelines for audits of Economic Development grants."

I am deleting the proposed \$11,000,000 for Cal Grant implementation. This action is necessary to keep State spending growth in line with revenues and provide for a prudent General Fund reserve for economic uncertainties. I am deleting Provision 8 to conform to this action.

I am deleting the legislative augmentation of \$2,000,000 for Transfer Grants. I am supportive of increasing transfers, but believe that the \$155 million augmentation I approved last year will greatly assist colleges in improving their transfer rates. I am revising Provisions 6 and 24 to conform.

- "6. Funds provided in Schedule (4) are for the Partnership for Excellence Program established pursuant to Section 84754 of the Education Code. It is the intent of the Legislature that community college districts increase the level of instruction and student services provided to meet the system-wide goal for student transfer. The goal for the California Community Colleges is to increase the number of "transfer ready" students to provide enough applicants to increase by at least 6 percent annually the number of transfer students eligible to enroll at the University of California through the year 2005-06. The goal is also to increase the number of "transfer ready" students to provide enough eligible applicants to increase by at least 5 percent annually the number of

transfer students eligible to enroll at the California State University through the year 2005-06.

~~Colleges accepting Partnership for Excellence funds shall, in connection with their transfer center planning process and annual updates, prepare a set of campus goals for annual change in transfer of eligible students through the 2005-06 academic year, a rationale for selecting those goals, and a plan for achieving those goals. These campus transfer goals, rationale, and plans shall be submitted to the Chancellor's Office of the California Community Colleges, as part of the annual update of the transfer center plan, no later than December 1, 2001. The Chancellor's Office of the California Community Colleges shall compile and submit campus transfer goals for annual change, the rationale for selecting those goals, and plans to achieve those goals to the Governor and the Legislature no later than February 1, 2002.~~

In administering the provisions of Sections 66734 and 84754 of the Education Code, the chancellor shall review the capacity and readiness of each community college district to meet the needs of students desiring to transfer. From within existing resources, the chancellor shall provide technical assistance to community college districts as necessary to assure that each community college district identifies options to use its local resources most effectively for providing reasonable opportunities to transfer for students served by the district. Technical assistance shall be provided to any college with persistently low numbers or rates of transfer, with the goal that the number of transfers will increase by an average of 10 percent annually, as necessary to overcome these low numbers or rates by the 2004-05 academic year. On or before March 1, 2002, the chancellor shall provide a progress report to the Governor and the Legislature on this review and technical assistance, and, on or before April 15 of each year thereafter, shall report on progress each community college has made in increasing the number of transfers, along with campus expenditures on transfer-related activities, as part of the annual Partnership for Excellence report submitted to the Governor and the Legislature in accordance with paragraph (1) of subdivision (e) of Section 84754 of the Education Code."

- "24. Of the funds appropriated in Schedule (23), \$589,000 is for Project ASSIST, \$835,000 is for the California Articulation Number (CAN) system, \$550,000 is for faculty articulation workshops through fiscal year 2004-05, and \$2,000,000 is to be used for transfer grants designed to improve student success in transferring to the University of California and the California State University at community colleges with historically low rates of transfer to those institutions. ~~The \$2,000,000 for transfer grants shall be administered by the Chancellor of the California Community Colleges and may be used to augment existing transfer centers or to establish transfer academies at community colleges with historically low rates of transfer to the University of California and the California State University.~~"

I am deleting \$98 million for Scheduled Maintenance and the Instructional Equipment and Library Materials Replacement programs. California is heading into a difficult year with its softening economy and substantial revenue decreases. Consequently, the General Fund expenditures in this Budget are down 1.7 percent over the prior year. Historically, the State provides funds for these programs on a one-time basis. I take these actions as a matter of consistency because the Budget includes no discretionary funding for scheduled maintenance and instructional equipment for the California State University and the University of California. While I would like to maintain these funds as a base effort in these areas, this action is essential due to fiscal constraints and limited resources in the General Fund. I am open to considering

funding for these worthy programs in the future when the economy improves. I am deleting Provisions 25 and 26 and revising Provisions 1 and 27 to conform to this action.

“1. The funds appropriated in Schedules (1), (2), (3), (4), (5), (6), (8), (10), (11), (12), (14), (15), (12.5), (19), (22), and ~~(25)~~ are for transfer by the Controller during the 2001-02 fiscal year to Section B of the State School Fund.”

“27. ~~Of the funds appropriated in Schedules (24), (25) and (26) of this item, the Chancellor of the California Community Colleges shall have the discretion to transfer funds among these schedules to fund the highest infrastructure priorities of the system. Funds from Schedules (24) and Schedule (26) of this item may be used to fund architectural barrier removal projects that meet the requirements of the federal Americans with Disabilities Act of 1990 and seismic retrofit projects limited to \$400,000. Districts that receive funds for architectural barrier removal projects shall provide a \$1 match for every \$1 provided by the state. The amounts in Schedules (24) and Schedule (26) shall be available for expenditure until June 30, 2003.~~”

Item 6870-102-0001--For local assistance, Board of Governors of the California Community Colleges (Proposition 98). I reduce this item from \$945,000 to \$660,000 and revise Provision 1.

I am reducing the \$945,000 legislative augmentation for local projects by \$285,000. I am sustaining the remaining \$660,000 on a one-time basis. This action is essential due to fiscal constraints and limited resources in the General Fund. I am revising Provision 1 to conform to this action.

“1. The funds in this item shall be allocated for the following local projects:

- (a) City College of San Francisco: Support Funding for Phase 1 of the facility to be jointly used by City College and San Francisco State University for Teacher Preparation, Child Development and early Childhood Education, and Community Health ~~(300,000)~~ (200,000)
- (b) San Francisco Community College: Mission campus (200,000)
- (c) Santa Ana Community College: Phillips Hall renovation ~~(70,000)~~ (40,000)
- (d) Compton Community College: Compton Community College Stadium Retrofit ~~(150,000)~~ (100,000)
- (e) Hartnell Community College: Health Professions Skills Enhancement Program ~~(225,000)~~ (120,000)”

Item 6870-301-0574--For capital outlay, Board of Governors of the California Community Colleges. I reduce this item from \$155,892,000 to \$141,033,000 by deleting:

Allan Hancock Community College District

Allan Hancock College

(1.5) 40.02.112-Library/Media Tech Center—Preliminary plans (\$317,000);

Butte Community College District

Butte College

(4.1) 40.05.106-Learning Resource Center—Preliminary plans (\$597,000);

Contra Costa Community College District

Diablo Valley College

(18.1) 40.13.220-Life Science Remodel for Laboratories—Preliminary plans (\$162,000);

Los Medanos College

(18.2) 40.13.313-Learning Resource Center—Preliminary plans (\$359,000);

San Ramon Valley Center

(18.3) 40.13.400-Phase 1 Buildings—Preliminary plans (\$723,000);

Foothill-DeAnza Community College District

Foothill College

(19.5) 40.15.206-Center for Innovation and Interactive Learning—Equipment (\$1,656,000);

Glendale Community College District

Glendale College

(20.3) 40.18.122-Allied Health/Aviation Lab—Preliminary plans (\$340,000);

Grossmont-Cuyamaca Community College District

Cuyamaca College

(20.5) 40.19.116-Science and Technology Mall—Preliminary plans (\$543,000);

Grossmont College

(21.1) 40.19.207-Science Building—Preliminary plans (\$397,000);

Hartnell Community College District

Hartnell College

(21.5) 40.20.101-Library/Learning Resource Center—Preliminary plans (\$738,000);

Lake Tahoe Community College District

Lake Tahoe Community College

(24.1) 40.23.111-Learning Resource Center—Preliminary plans (\$407,000);

Los Angeles Community College District

Los Angeles Mission College

(28.5) 40.26.408-Child Development Center—Preliminary plans (\$300,000);

Los Angeles Southwest College

(29.1) 40.26.607-Child Development Center—Preliminary plans (\$230,000);

Los Angeles Trade-Tech College

(30.1) 40.26.702-Child Development Center—Preliminary plans (\$215,000);

Los Angeles Valley College

(30.2) 40.26.803-Health Science Building—Preliminary plans (\$661,000);

Los Rios Community College District

American River College

(30.4) 40.27.102-Learning Resource Center Expansion—Preliminary plans (\$343,000);

North Orange Community College District

Cypress College

(39.5) 40.36.100-Library/Learning Resource Center—Preliminary plans (\$650,000);

Palo Verde Community College District

Palo Verde College

(41.5) 40.37.102-Technology Building Phase 2—Preliminary plans (\$292,000);

Rancho Santiago Community College District

Santa Ana College

(46.1) 40.41.124-Physical Education Seismic Replacement/Expansion—Preliminary plans (\$225,000);

Riverside Community College District

Moreno Valley Center

(47.1) 40.44.207-Child Development Center—Preliminary plans (\$67,000);

Norco Valley Center

(47.2) 40.44.307-Child Development Center—Preliminary plans (\$76,000);

San Francisco Community College District

Mission Center

(55.1) 40.48.106-Mission Center Building—Working drawings (\$190,000);

Chinatown Center

(55.2) 40.48.108-Chinatown Campus Building—Preliminary plans (\$1,334,000);

San Luis Obispo County Community College District

Cuesta College

(58.1) 40.51.112-Theater Arts Building—Preliminary plans (\$472,000);

Santa Barbara Community College District

Santa Barbara City College

(63.5) 40.53.120-Gymnasium Remodel—Preliminary plans (\$163,000);

Sequoias Community College District

College of the Sequoias

(66.1) 40.56.112-Science Center—Preliminary plans (\$471,000);

Shasta-Tehama-Trinity Jt. Community College District

Shasta College

(66.5) 40.57.103-Library Addition—Preliminary plans (\$245,000);

Sonoma County Community College District

Santa Rosa Junior College

(67.5) 40.61.402-Learning Resource Center—Preliminary plans (\$1,199,000);

Chabot-Las Positas Community College District

Las Positas College

(67.7) 40.62.215-Physical Education, Gymnasium Phase 1—Preliminary plans (\$461,000);

Southwestern Community College District

Southwestern College

(68.1) 40.63.104-Child Development Center—Preliminary plans (\$227,000);

State Center Community College District
Reedley College

(69.1) 40.64.400-Learning Resource Center Addition—Preliminary plans (\$187,000);

Ventura County Community College District
Moorpark College

(70.1) 40.65.109-Child Development Center—Preliminary plans (\$101,000);

West Hills Community College District
Kings County Center

(73.5) 40.67.204-Phase 2B Classrooms/Laboratories—Preliminary plans (\$298,000);

and

West Valley Mission Community College District
Mission College

(74.1) 40.69.208-Main Building 3rd floor Reconstruction—Preliminary plans (\$213,000).

I am deleting the legislative augmentation of \$14,859,000 for 34 projects at various campuses of the California Community Colleges, because this amount should be held in reserve to address any unanticipated cost increases needed to complete previously approved projects.

Item 7980-001-0001--For support of Student Aid Commission. I reduce this item from \$16,469,000 to \$14,969,000 by reducing:

(1) (15)-Financial Aid Grants Program from \$16,515,000 to \$15,015,000,

and by deleting Provision 1.

I am deleting the \$1,500,000 legislative augmentation to provide outreach regarding the Cal Grant program, and to create the College Corps Program. I note that the Student Aid Commission's budget already includes funding for outreach purposes. This action is necessary to maintain State spending growth in line with revenues, and to provide for a prudent reserve for economic uncertainties.

Item 7980-101-0001--For local assistance, Student Aid Commission. I reduce this item from \$619,584,000 to \$618,584,000 by reducing:

(1) 15-Financial Aid Grants Program from \$631,962,000 to \$630,962,000,

and by revising Provision 1 by deleting subschedule (i).

I am deleting the \$1,000,000 legislative augmentation to provide funds for organizations to host financial aid workshops and forums for high school students and their parents. This action is necessary to keep State spending growth in line with revenues and provide for a prudent General Fund reserve for economic uncertainties. Nevertheless, I note that the California Student Opportunity and Access Program (Cal-SOAP), administered by the Student Aid Commission, includes over \$8 million to provide informational outreach to K-12 students. I encourage this program to emphasize financial aid outreach to ensure all qualified students apply for and receive a Cal Grant award.

I am revising Provision 1 to conform to this action.

- “1. Funds appropriated in Schedule (1) are for the purposes of all of the following:
- (a) Awards in the Cal Grant Program under Chapter 1.7 and Article 3 (commencing with Section 69530) of Chapter 2 of Part 42 of the Education Code.
 - (b) Graduate fellowship renewal awards under former Article 9 (commencing with Section 69670) of Chapter 2 of Part 42 of the Education Code.
 - (c) Grants under Section 4709 of the Labor Code.
 - (d) California Student Opportunity and Access Program contract agreements under Article 4 (commencing with Section 69560) of Chapter 2 of Part 42 of the Education Code.
 - (e) The purchase of loan assumptions under Article 5 (commencing with Section 69612) of Chapter 2 of Part 42 of the Education Code. 6,500 warrants shall be issued to California students pursuant to the purchase of loan assumptions.
 - (f) Grants under the California State Work-Study Program, Article 18 (commencing with Section 69950) of Chapter 2 of Part 42 of the Education Code.
 - (g) The purchase of loan assumptions under Article 5.5 (commencing with Section 69618) of Chapter 2 of Part 42 of the Education Code.
 - (h) New and renewal Cal Grant awards in amounts not to exceed award levels comparable to those in effect for the 2000–01 award year except as otherwise provided by law.
 - ~~(i) Notwithstanding any other provision of law, of the amount in this schedule, \$1,000,000 shall be used to conduct Cal Grant and financial aid outreach by providing funds for organizations to host financial aid workshops and forums to directly assist high schools and students and their families regarding the completion and submission of the Free Application for Federal Student Aid (FAFSA) form and information about the expanded Cal Grant Program. The workshops and forums shall target those high schools that have an Academic Performance Index (API) that ranks in the lowest two deciles in the state.”~~

Item 7980-103-0001--For local assistance, California Student Aid Commission.

I am sustaining this item which appropriates funding for the Jackie Robinson Foundation on a one-time basis only.

Item 8100-001-0001--For support of Office of Criminal Justice Planning. I reduce this item from \$4,493,000 to \$4,343,000 to make a technical correction to the Budget Bill.

The program schedules and funding details reflected in this item are correct; however, the total appropriation exceeds the sum of the schedules by \$150,000. Therefore, in order to correct this technical error, I am reducing the item appropriation total by \$150,000, which will conform the Budget Act to the action taken by the Legislature.

Item 8100-101-0001--For local assistance, Office of Criminal Justice Planning. I reduce this item from \$98,341,000 to \$96,935,000 by reducing:

(26.5) 97.20.004-Local Projects from \$4,593,000 to \$3,187,000 by deleting \$350,000 for the following subschedules:

- (y) OK (Our Kids) Mentoring Program: OK (Our Kids) Mentoring Program Expansion (\$100,000);

- (z) Unity One: Unity 1 Gang Prevention Program in Los Angeles (\$100,000);
- (aa) Banning Police Department: Police Department Expansion (\$50,000);
- (ac) Juvenile Hall Auxiliary of Contra Costa County: Field of Dreams (\$100,000);

and by reducing \$1,056,000 from the following subschedules:

- (c) City of Gardena: Police Detective Vehicles from (\$250,000) to (\$200,000);
- (d) City of San Gabriel: San Gabriel Police Department from (\$200,000) to (\$150,000);
- (f) Orange County District Attorney's Office: High Tech Crime Unit from (\$250,000) to (\$100,000);
- (g) Tariq Kamisa Foundation: Youth Violence Prevention Program from (\$500,000) to (\$200,000);
- (i) County of Alameda Sheriffs Department: MOMS (Maximizing Opportunities for Mothers to Succeed) from (\$800,000) to (\$600,000);
- (j) City of Hayward: Police Facility Addition for Expansion of Youth & Family Services Bureau Counseling Services from (\$350,000) to (\$300,000);
- (k) Orange County District Attorney's Office: Orange County Community Education Services from (\$125,000) to (\$95,000);
- (l) Orange County District Attorney's Office: TrackRS from (\$125,000) to (\$95,000);
- (n) Glendale Police Department: Purchase of one van for the Glendale Police Department Police Activities League Program from (\$40,000) to (\$25,000);
- (s) Hollywood Police Activities League from (\$75,000) to (\$60,000)
- (t) City of Rialto Police Department: Police Activities League from (\$100,000) to (\$60,000);
- (u) Adopt-a-Bike and Computer, Inc.: Computer Repair Program from (\$28,000) to (\$20,000);
- (v) South Coast Ecumenical Council: Long Beach BLAST from (\$25,000) to (\$20,000);
- (w) Long Beach Police Athletic League: Long Beach Police Athletic League Program from (\$50,000) to (\$40,000);
- (ad) Devonshire PALS: Building for PALS Youth Center from (\$100,000) to (\$50,000);
- (ae) City of Pacifica: Completion of the Pacifica Police Station from (\$175,000) to (\$147,000);
- (af) Tulare County District Attorney's Office: Tulare County Gang Task Force Operations from (\$100,000) to (\$75,000).

This action is essential due to fiscal constraints and limited resources in the General Fund. I am sustaining the remaining funding for the projects identified in this schedule on a one-time basis.

I am also deleting Provision 4 of this item, which would specify that the funding appropriated in Schedule 25 is available for competitive grants for the construction and upgrade of local crime laboratories, and would require at least 25 percent to be allocated for projects that are currently in the process of being constructed. This language is unnecessary because I have already directed the Office of Criminal Justice Planning to distribute the grants on a competitive basis. In addition, the requirement that 25 percent of the funds be used for projects that are currently in progress unnecessarily restricts the allocation process by predefining the method by which a portion of the funds may be used.

Item 8100-101-0597--For local assistance, Office of Criminal Justice Planning. I delete Provision 4.

I am deleting Provision 4, which would require that \$3,300,000 of the funds appropriated in this item be allocated for high technology identity theft pilot projects as specified in SB 222. This provision unnecessarily ties this funding to legislation, which may not be enacted and could limit the ability of the Executive Branch to effectively manage programs.

Item 8100-102-0001--For local assistance, Office of Criminal Justice Planning. I delete this item and Provision 1.

I am deleting this item, which would provide law enforcement assistance grants of \$500,000 each to 36 rural and small counties in California on an ongoing basis. I am vetoing this funding because I intend to sign a budget trailer bill that would provide annual grants of an equal amount to the same rural and small counties identified in this item.

Item 8260-103-0001--For local assistance, California Arts Council. I reduce this item from \$12,631,000 to \$9,132,000 by reducing:

(a) Local Projects from \$12,631,000 to \$9,132,000 by deleting \$1,300,000 for the following subschedules:

- (18) San Diego Maritime Museum: Education Pilot Project (\$125,000);
- (22) Armand Hammer Museum: Renovation of the Armand Hammer Museum located on the UCLA campus (\$750,000);
- (38) Tulare County: History of Transportation wing in the Mooney Grove Museum Complex (\$75,000);
- (39) County of Riverside: Edward Dean Museum and Gardens Education Program (\$50,000);
- (41) Fullerton Railway Plaza Association: Railway Museum, City of Fullerton (\$50,000);
- (44) High Desert Arts Foundation: High Desert Center for the Arts property acquisition (\$75,000);
- (45) Beverly Hospital Foundation (\$100,000);
- (47) Fender Museum of the Arts Foundation: Fender Museum (\$75,000);

and by reducing \$2,199,000 from the following subschedules:

- (2) Armenian Film Foundation: Armenian Film Foundation from (\$190,000) to (\$150,000);
- (3) B Street Theatre, Sacramento: Children's Theater of Sacramento, California from (\$250,000) to (\$200,000);
- (5) Community Redevelopment agency of the City of Los Angeles: NoHo Theater Arts District Marquis Project from (\$100,000) to (\$50,000);
- (7) La Raza Galeria Posada, Sacramento: La Raza Galeria Posada Arts Education Programs from (\$50,000) to (\$30,000);
- (9) San Fernando Valley Chinese Cultural Association, Chinese Heritage Foundation: Chinese Heritage Center from (\$250,000) to (\$50,000);
- (10) City of Los Angeles: Children's Museum from (\$1,000,000) to (\$500,000);
- (12) City of Los Angeles: Children's Museum from (\$1,000,000) to (\$500,000);
- (13) Centro Cultural de Mexico en Orange County: Cultural Arts Center from (\$36,000) to (\$32,000);

- (14) Mexican Cultural Institute: Cultural and educational programs from (\$100,000) to (\$50,000);
- (16) City of Glendale: Glendale Police Department Memorial from (\$25,000) to (\$20,000);
- (17) Santa Barbara Community Youth Performing Arts Center: Santa Barbara Junior High School theater from (\$100,000) to (\$95,000);
- (20) Hollywood Entertainment Museum: Educational Center for Entertainment Arts from (\$250,000) to (\$180,000);
- (21) City of West Hollywood: Russian Cultural Center at Plummer Park from (\$55,000) to (\$30,000);
- (26) City of Chino: Community Theatre expansion from (\$100,000) to (\$55,000);
- (27) Skirball Cultural Center: Skirball Cultural Arts Center from (\$500,000) to (\$400,000);
- (28) Valley Public Television, KVPT Channel 18/65: Purchase Eagles Lodge Building for office and production expansion from (\$15,000) to (\$10,000);
- (31) City of Palo Alto: Children's Theatre sound and light systems from (\$300,000) to (\$175,000);
- (32) B Street Theater: The Children's Theater of California from (\$225,000) to (\$100,000);
- (33) Capital Unity Council from (\$100,000) to (\$50,000);
- (34) Sacramento Theater Company: Kids Write Plays from (\$100,000) to (\$45,000);
- (36) The Natural History Museum of Los Angeles County: Seismic strengthening and historic preservation of the Natural History Museum of Los Angeles County from (\$250,000) to (\$125,000); and
- (37) Miners Cultural Center from (\$100,000) to (\$50,000).

This action is essential due to fiscal constraints and limited resources in the General Fund. The remaining augmentations are being sustained on a one-time basis.

Item 8300-001-0001--For support of Agricultural Labor Relations Board. I reduce this item from \$5,611,000 to \$5,341,000 by reducing:

- (2) 20-General Counsel Administration from \$3,240,000 to \$2,970,000.

I am deleting the \$270,000 legislative augmentation to the Agricultural Labor Relations Board for additional field staff. I believe the augmentation of \$457,000 and three additional staff that I proposed to investigate unfair labor practice cases is sufficient to address workload in this area.

Item 8350-001-0001--For support of Department of Industrial Relations. I reduce this item from \$157,214,000 to \$153,777,000 by reducing:

- (7) 50-Enforcement and Promulgation of Laws Relating to Wages, Hours and Conditions of Employment, and Licensing and Adjudication from \$44,749,000 to \$41,862,000;
- (8) 60-Promotion, Development, and Administration of Apprenticeship and other On-the-Job Training from \$9,102,000 to \$8,552,000;

and by deleting Provision 1.

I am deleting the \$500,000 legislative augmentation for the Department of Industrial Relations to assess the information needs for managing and tracking the Department's workload. There is

insufficient information to justify funding at this time. I am also deleting Provision 1, which specifies the purpose of the assessment, to conform to this action.

I am sustaining \$2,000,000 of the \$4,937,000 legislative augmentation to provide increased labor law enforcement efforts, inclusive of industries with high labor enforcement issues, in the Divisions of Labor Standards Enforcement and Apprenticeship Standards. Although I am supportive of efforts to protect the workforce of California, I am reducing this augmentation by \$2,937,000 due to fiscal constraints and limited General Fund resources.

Item 8660-001-0462--For support of Public Utilities Commission. I reduce this item from \$65,629,000 to \$64,116,000 by reducing:

- (1) 10-Regulation of Utilities from \$82,128,000 to \$80,615,000.

I am deleting the legislative augmentation of \$1,513,000 and 9.4 personnel years for the Consumer Affairs Branch to address the consumer complaints backlog. While I am supportive of reducing the backlog, my proposed 2001-02 Budget already included additional resources for this purpose, which the Legislature sustained. Further augmentations to this activity are not warranted until the Commission can demonstrate that the approved resources along with operational efficiencies recommended for implementation by the Commission are insufficient to reduce the backlog.

Item 8700-001-0001--For support of California Victim Compensation and Government Claims Board. I revise this item by reducing:

- (1) 11-Citizens Indemnification from \$53,901,000 to \$50,901,000, and
- (10) Amount payable from the Restitution Fund (Item 8700-001-0214) from -\$42,951,000 to -\$39,951,000.

I am revising this item to conform to the action I have taken in Item 8700-001-0214.

Item 8700-001-0214--For support of California Victim Compensation and Government Claims Board. I reduce this item from \$42,951,000 to \$39,951,000 and delete Provision 3.

I am deleting the \$3,000,000 legislative augmentation to establish three Victim Recovery Resource and Treatment Centers. A similar program is currently being operated by the University of California, San Francisco, and is in the early stages of implementation. While I support programs that provide assistance to victims of crime, it is premature to expand the use of Victim Recovery Centers until an evaluation of the pilot project is completed in 2005.

I am deleting Provision 3 to conform to this action.

Item 8860-025-0001--For support of Department of Finance. I reduce this item from \$3,000,000 to \$2,999,000, and by revising Provision 1.

I am reducing this item by \$1,000 and revising Provision 1.

This language would restrict the State Controller's ability to audit school district attendance, and would conflict with current law by attempting to prohibit recovery of funds not claimed in accordance with law. The language infringes on the separation of powers in that it usurps

Executive Branch authority to effectively administer State programs. Further, the language represents a substantive change of law inappropriate for inclusion in the Budget Act.

I am revising Provision 1.

- "1. (a) The funds appropriated in this item shall be used to fund a contract with the Controller's Office to perform audits of school attendance records. ~~The audits shall be limited to data pertaining to the prior three fiscal years.~~
- (b) ~~Prior to conducting the audit, the Controller shall submit an audit plan to the Joint Legislative Budget Committee. The plan shall comply with American Institute of Certified Public Accountants (AICPA) Generally Accepted Auditing Standards and shall identify (1) the scope and limitations of the attendance audit, (2) the records that shall be retained and supplied by the local agency during the course of the audit, and (3) the state advisories or institutional memoranda describing the obligations of the local agencies subject to the audit.~~
- (c) ~~It is the intent of the Legislature in providing for these audits that, except as provided in subdivision (d) of this provision, school district attendance audits shall be prospective in application only and shall not be retroactive in the imposition of any apportionment penalty.~~
- (d) ~~The audits may be used to impose a retroactive apportionment penalty in cases of either (1) an intentional act to defraud the State of California or (2) purposeful falsification of records."~~

Item 8955-301-0701--For capital outlay, Department of Veterans Affairs. I delete this item.

I am deleting the \$12,000,000 legislative augmentation for the design and construction of a new veterans' home in Lancaster, California. I have received correspondence from the state commanders of the Veterans of Foreign Wars of the United States, AMVETS, and The American Legion urging me to move forward with building more veterans' homes in southern California with greater attention given to location, services, and resources available to better serve our veterans.

In addition, my Blue Ribbon Task Force on Veterans' Homes has recommended that any future veterans' homes be located in proximity to a United States Department of Veterans Affairs Medical Center and close to available nursing professionals. The Lancaster site does not meet either of these criteria. I look forward to the recommendations of the Governor's Commission on Veterans Homes on the establishment of future veterans' homes.

Item 8960-301-0001--For capital outlay, Veterans' Home of California--Yountville. I reduce this item from \$2,550,000 to \$2,339,000 by deleting:

- (3.5) 80.20.440-Remodel Recreation Center--Preliminary plans and working drawings (\$211,000)

I am deleting the \$211,000 legislative augmentation for this project because it is not a critical fire and life safety issue that requires immediate correction and because of the need to fund higher competing priorities. In addition, the scope of the project has not been defined, and the associated out-year costs have not been evaluated.

Item 8960-490--Reappropriation, Veterans' Home of California--Yountville. I delete this item.

I am deleting the \$1,600,000 reappropriation for support costs associated with the Memorial Chapel project, Item 8960-011-0001, Budget Act of 2000. The Legislature deleted the capital outlay funding for the Memorial Chapel project; therefore, the support costs associated with the project are not needed.

Item 9100-101-0046--For local assistance, Agricultural and Rural Relief Rebates Program, tax relief, sales and use tax rebates for diesel fuel for producing and harvesting agricultural products. I delete this item and Provision 1.

I am deleting the \$8,000,000 legislative augmentation for the Agricultural and Rural Relief Rebates Program. This augmentation would provide sales and use tax rebates for diesel fuel for producing and harvesting agricultural products and transporting these products to the marketplace. Although I am supportive of tax relief for the agricultural industry, providing that relief in the form of rebates is not the most efficient method to deliver tax relief, and would result in unnecessary administrative costs. I intend to sign budget trailer legislation that provides agricultural tax relief in the form of tax exemptions.

Item 9100-102-0001--For local assistance, Agricultural and Rural Relief Rebates Programs, Tax Relief. I delete this item and Provision 1.

I am deleting the \$19,300,000 legislative augmentation for the Agricultural and Rural Relief Rebates Program. This augmentation would provide tax rebates for liquefied petroleum gas for residential and agricultural business use, farm and forestry equipment and machinery, and racehorse breeding stock. Although I am supportive of tax relief for these purposes, providing that relief in the form of rebates is not the most efficient method to deliver tax relief, and would result in unnecessary administrative costs. I intend to sign budget trailer legislation that provides tax relief for these purposes in the form of tax exemptions.

Item 9210-107-0001--For local assistance, Local Government Financing. I reduce this item from \$25,526,000 to \$6,405,000 by reducing:

- (a) Local Projects from \$25,526,000 to \$6,405,000 by deleting \$17,555,000 for the following subschedules:
 - (1) City of Anaheim: Playground Renovation in Anaheim (\$250,000);
 - (2) City of Banning: San Gorgonio Memorial Hospital Foundation (\$800,000);
 - (3) City of Big Bear: Relocate Moonridge Zoo (\$850,000);
 - (4) City of Brea: Retrofit American Legion Building in Brea (\$195,000);
 - (5) City of Citrus Heights: Civic Center Energy Conservation Retrofit Project (\$150,000);
 - (6) City of Colton: Alternative Fuel Park and Ride Project (\$25,000);
 - (9) City of Fontana: City Park (\$709,000);
 - (10) City of Fountain Valley: Mile Square Park, Fountain Valley (\$500,000);
 - (11) City of Fullerton: Playground equipment for Independence Park, Fullerton (\$77,000);
 - (12) City of Fullerton: Replace illuminated street signs, Fullerton (\$148,000);
 - (13) City of Fullerton: Convert Lions Field Lighting, Fullerton (\$200,000);
 - (14) City of Fullerton: Convert Lighting at Leonard Andrews Tennis Court (\$200,000);
 - (15) City of Fullerton: Installation of new traffic control system, Fullerton (\$299,000);
 - (18) City of La Habra: La Bonita Park Improvement, La Habra (\$250,000);

- (19) City of Laguna Hills: Community Center Paleontological Lobby, Laguna Hills (\$150,000);
- (21) City of Merced: Merced Grandstands (\$260,000);
- (22) City of Merced: South Dos Palos Park, Merced (\$333,000);
- (23) City of Merced: Historic Merced Library (\$1,435,000);
- (24) City of Morgan Hill: Morgan Hill Wildlife Education Center (\$250,000);
- (26) City of Orange: Mobile command post (\$150,000);
- (27) City of Orange: Landfill rehabilitation (\$187,500);
- (29) City of Redlands: Shoppin' for Seniors (\$300,000);
- (39) City of Valley Springs: New Hogan Lake Conservatory (\$2,000,500);
- (40) City of Watsonville: Watsonville Community Center (\$250,000);
- (41) City of Westminster: Westminster MultiCultural Community Center (\$200,000);
- (42) County of Los Angeles: Search and rescue services, LA County (\$241,000);
- (44) County of Orange: Eli Home (\$200,000);
- (45) County of San Diego: Lakeside Elementary School District, Playground Equipment (\$50,000);
- (48) Diamond Bar: Summit Ridge Park (\$250,000);
- (50) LaVerne: LeRoy Haynes Center, LaVerne (\$500,000);
- (51) Monterey County: Hazardous Material Response Truck (\$35,000);
- (52) Monterey County: Natavidad Hospital (\$250,000);
- (53) Oceanside: Mission San Luis Rey, water from Oceanside (\$280,000);
- (54) Pomona: Corporate Kids CyberKlub, Pomona (\$100,000);
- (55) Pomona: Bulkhead for Ganesha Park Pool, Pomona (\$110,000);
- (56) Pomona: Westmont Park, Pomona (\$150,000);
- (57) Pomona: JFK Park, Pomona (\$210,000);
- (60) Salinas: Ariel Childrens Theater, Salinas (\$100,000);
- (61) Salinas: Salinas Municipal Pool Upgrade (\$150,000);
- (62) Salinas: Symphony Center, Salinas (\$185,000);
- (63) Salinas: Senior Center, Greenfield (\$250,000);
- (64) Salinas: Senior Center, Salinas (\$250,000);
- (65) City of San Diego: Water for Industry Program, San Diego (\$400,000);
- (67) San Luis Rey: Seismic stabilization of Mission, San Luis Rey (\$500,000);
- (68) Seal Beach: Concrete Sheetpile Groin Repair Project, Seal Beach (\$300,000);
- (71) Walnut: Suzanne Park, Walnut (\$300,000);
- (72) Walnut: Community Center Facility, Walnut (\$375,000);
- (73) Whittier: Flomar Drive Drainage Project, Whittier (\$460,000);
- (74) City of Exeter: Exeter-A Festival of Arts (\$45,000);
- (75) Tulare County: Boys & Girls Club of Tulare (\$150,000);
- (76) City of Bakersfield: HVAC for the Fox Theater in Bakersfield (\$250,000);
- (77) County of Fresno: Hart Lake water supply pipeline (\$411,000);
- (78) City of Visalia: Visalia PAL purchase of Mobil Recreation Centers (\$125,000);
- (79) County of Kern: Kern County Tot Lot Replacement (\$259,000);
- (80) City of Visalia: Visalia Garden Street Pedestrian Plaza (\$100,000);
- (81) City of Bakersfield: Energy efficient tree planting (\$100,000);
- (82) County of Fresno: Fresno Discovery Museum (\$100,000);
- (91) City of Waterford: Government Center Construction (\$100,000);
- (96) Rancho Cordova Community & Economic Development Corporation: Rancho Cordova Incorporation (\$50,000)
- (97) Castaic Area Town Council: Incorporation Study for the Town of Castaic (\$50,000)

and by reducing \$1,566,000 from the following subschedules:

- (7) City of Colton: Restoration of Carnegie Public Library from (\$125,000) to (\$50,000);
- (8) City of Fontana: Upgrades to the Civic Auditorium from (\$50,000) to (\$25,000);
- (16) City of Hawthorne: Street Upgrade from (\$150,000) to (\$100,000);
- (17) City of Huntington Beach: Olympic Pool-National Aquatic Center from (\$490,000) to (\$300,000);
- (20) City of Manhattan Beach: Manhattan Beach Pier Roundhouse Rehabilitation from (\$200,000) to (\$100,000);
- (25) City of Ontario: Library Expansion Project from (\$50,000) to (\$25,000);
- (30) City of Rialto: Rialto Fire Department, New Ambulance from (\$50,000) to (\$25,000);
- (31) City of Riverside: Riverside National Cemetery from (\$840,000) to (\$400,000);
- (32) City of San Bernardino: Santa Fe Depot Area Plan from (\$100,000) to (\$25,000);
- (33) City of San Diego: Encanto Community Fund, Inc., for Encanto Street Fair from (\$50,000) to (\$20,000);
- (34) City of San Diego: Water for industry program phase II from (\$500,000) to (\$175,000);
- (37) City of Signal Hill: Signal Hill Police Department, Complete Construction of Emergency Operations Center from (\$250,000) to (\$200,000);
- (47) County of San Mateo: Creating a Water Connection at Sawyer Camp from (\$200,000) to (\$100,000);
- (83) County of Contra Costa: Animal Shelter from (\$115,000) to (\$112,000);
- (84) City of Cudahy: Volunteers on Patrol Program from (\$50,000) to (\$35,000);
- (85) City of Downey: Downey Animal Shelter from (\$50,000) to (\$40,000);
- (88) San Joaquin County Sheriff's Department: Equipment from (\$48,000) to (\$45,000); and
- (89) City of Tracy: Tracy Animal Shelter from (\$125,000) to (\$100,000)

This action is essential due to fiscal constraints and limited resources in the General Fund. The augmentations provided in this item are being sustained on a one-time basis.

SEC. 4.60--Building Rental Rate. I revise this Control Section to make a technical correction to the Budget Bill.

This technical veto will make a technical correction to the Budget Bill to conform with the Legislature's intent, and is consistent with the legislative conference action taken in Item 1760-001-0666, which would not require the Department of General Services to establish a separate building rate for the Ronald Reagan Building, recalculate the statewide building rental rate based on the deletion of the costs for the Ronald Reagan Building, and add five cents per square foot per month to initiate the Maintenance and Repairs System (MARS) special repair and recurring maintenance program.

I am revising Control Section 4.60 as follows:

~~"SEC. 4.60. Notwithstanding any other provision of law, the Department of Finance shall adjust any item of appropriation of this act, as appropriate, to fund the rent for state office buildings as adjusted by the Department of General Services establishment of a separate building rate for the Ronald Reagan Building and the recalculated statewide building rental rate based on the deletion of costs for the Ronald Reagan Building plus five cents per square foot per month to~~

~~initiate the MARS special repair and recurring maintenance program, as required under Item 1760-001-0666."~~

I realize this control section does not require the Department of Finance to notify the Joint Legislative Budget Committee of any adjustments made to Section 2.00 of this Act. However, I am directing the Department of Finance to provide a 30-day notification to the Joint Legislative Budget Committee, as was required by the intended legislative action.

SEC. 7.00--Dymally-Alatorre Bilingual Services Act. I delete this control section.

I am deleting this control section that would appropriate funding to four departments to assist in the provision of bilingual services to the public. The need for funding for these four departments has not been justified. All State departments must comply with the Dymally-Alatorre Act, and most have done so within existing resources. I am directing all State departments to comply with the Act within existing budgeted resources.

With the above deletions, revisions, and reductions, I hereby approve Senate Bill 739.

GRAY DAVIS